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**Hearing Date: May 17, 2011 at 10:00 a.m.  
Response Deadline: May 10, 2011 at 4:00 p.m.**

*Counsel for the Reorganized Debtors  
(Successors to the Debtors and Debtors in Possession)*

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

In re:

JENNIFER CONVERTIBLES, INC.,<sup>1</sup>  
  
Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**DEBTORS' THIRD OMNIBUS OBJECTION TO CERTAIN PROOFS  
OF CLAIM FILED AS PRIORITY AND SECURED CLAIMS THAT  
DO NOT CORRESPOND TO THE DEBTORS' BOOKS AND RECORDS**

Jennifer Convertibles, Inc. (“Jennifer Convertibles”) and its affiliated debtors, as debtors and debtors in possession (together, the “Debtors”, now known as the “Reorganized Debtors”) hereby submit this third omnibus objection (the “Third Omnibus Objection”) to certain proofs of claim filed as priority and secured claims (collectively, the “Claims”) filed against the Debtors in these chapter 11 cases as listed on Exhibits A and B attached hereto. Pursuant to this Third Omnibus Objection, the Debtors request that the Court enter an order reducing or reclassifying

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<sup>1</sup> 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).

each claim as itemized on Exhibit A, attached hereto, and expunging each claim as itemized on Exhibit B, attached hereto, for the substantive reasons described below. This request is made pursuant to section 502 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). In support of the Third Omnibus Objection, the Debtors respectfully represent as follows:

### **JURISDICTION**

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

2. The statutory predicates for the relief questioned herein are Bankruptcy Code section 502(b) and Bankruptcy Rule 3007.

### **BACKGROUND**

A. The Chapter 11 Filings:

3. 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 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.

4. 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, and (ii) six big box, full-line furniture stores operated under the Ashley Furniture HomeStore brand under a license from Ashley Furniture Industries, Inc.

5. 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.

6. On November 19, 2010, the Debtors filed their Joint Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and Its Affiliated Debtors, and Disclosure Statement with Respect to the Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and Its Affiliated Debtors. On December 22, 2010, the Debtors filed their Amended Disclosure Statement with Respect to the Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and Its Affiliated Debtors (the “Amended Disclosure Statement”) and their Amended Joint Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and Its Affiliated Debtors (the “Amended Plan”).

7. Also on December 22, 2010, the Bankruptcy Court entered an order approving the Amended Disclosure Statement (docket no. 397).

8. On February 9, 2011, the Bankruptcy Court entered the Findings of Fact and Conclusions of Law and Order Confirming the Amended Joint Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and its Affiliated Debtors (docket no. 491).

9. On February 22, 2011, the Amended Plan became effective and the Reorganized Debtors filed with the Court the Notice of Effective Date (docket no. 503).

B. Bar Date, Proofs of Claim, And Third Omnibus Objection

10. On September 16, 2010, this Court entered an Order for Filing Proofs and Approving the Form and Manner of Notice Thereof (docket no. 247) (the “Bar Date Order”). Among other things, the Bar Date Order established October 25, 2010 at 5:00 p.m. Eastern Time (the “General Bar Date”) as the deadline to file proofs of claim (subject to certain limited exceptions) for all persons and entities wishing to assert a claim, as that term is defined in section

101(5) of the Bankruptcy Code (each, a “Claim”), against any of the Debtors that arose prior to the Petition Date to file a proof of claim form (the “Proofs of Claim”) with respect to each Claim. The bar date for governmental units was set for January 18, 2011 at 5:00 p.m. Eastern Time (the “Governmental Bar Date”, and, together with the General Bar Date, the “Bar Dates”).

11. On September 20, 2010, BMC Group, Inc., the claims and noticing agent in these cases (the “Claims Agent”), provided notice of the Bar Dates by mailing a notice of bar date approved by this Court (the “Bar Date Notice”), together with a proof of claim form, upon, all parties listed in the Bar Date Order. On September 27, 2010, a copy of the Bar Date Notice was published in the national edition of USA Today.

12. As of the Bar Date, approximately 715 proofs of Claim (the “Proofs of Claim”) had been filed against the Debtors in these chapter 11 cases. Collectively the Proofs of Claim asserted liquidated Claims of more than \$81 million against the Debtors.

13. On December 23, 2010, the Debtors filed an Omnibus Objection seeking to expunge certain duplicate claims (the “Duplicate Claims Objection”) (docket no. 405). On January 26, 2011, this Court entered an Order approving the relief requested in the Duplicate Claims Objection (docket no. 473), which expunged 24 claims in the amount of \$2,142,929.74.

14. On January 28, 2011, this Court entered a Preliminary Approval Order Authorizing and Approving Settlement of Civil Actions (docket no. 478), which, upon final approval, will reduce the claim of Ayisha Combs, et al. from \$7,632,100.00 to \$450,000.00.

15. On February 3, 2011, this Court entered the Stipulation and Agreed Order Disallowing and Expunging Claim Number 342 (the Claim of Haining Mengnu Group Co. Ltd.) (docket no. 486), which expunged both a duplicative administrative claim of \$2,638,284.09 and a duplicative general unsecured claim in the amount of \$17,517,044.54.

16. On February 16, 2011, the Debtors filed a Second Omnibus Objection to claims that do not correspond to the Debtors' books and records, claims filed against the wrong Debtor, and certain landlord claims (docket no. 498). On March 23, 2011, this Court entered an Order approving the relief requested in the Second Omnibus Objection (docket no. 526).

17. On March 21, 2011, this Court entered the Stipulation and Agreed Order Disallowing Claim Number 229 and Allowing Claim Number 383 (the claim of Klaussner Furniture Industries) (docket no. 522), which allowed a 503(b)(9) claim in the amount of \$45,410.37 and a general unsecured claim in the amount of \$950,601.66.

18. On April 4, 2011 the Debtors filed the Stipulation and Agreed Order Reducing and Allowing Claim Number 211 and Allowing Claim Number 212 (the claim of Vertis Inc. dba Vertis Communications) (docket no. 537) (the "Vertis Stipulation"), seeking to allow a 503(b)(9) claim in the amount of \$8,500.00 and a general unsecured claim in the amount of \$18,180.64. On April 11, 2011, the Court entered an order approving the Vertis Stipulation (docket no. 540).

19. On April 11, 2011, Merrick Bank Corporation withdrew its proof of claim filed on October 25, 2010 (in an unliquidated total amount, but secured in an amount of at least \$3,975,595.25 as of the Petition Date), listed as claim no. 326.

20. Also on April 11, 2011, Renaissance Partners withdrew its proof of claim filed on October 25, 2010 in the amount of \$3,975,595.25 and listed as claim number 296.

### **RELIEF REQUESTED**

21. By this Third Omnibus Objection, the Debtors object to each of the Claims identified on Exhibit A as a "Claim to be Reduced or Reclassified" (the "Reduced/Reclassified Claims"), and seek to reduce or reclassify such Claims to the Claims set forth in the "Surviving Claims" column (the "Surviving Claims"). The Debtors further object to each of the Claims

identified on Exhibit B as a “Claim to be Expunged” (the “Expunged Claims”), and seek to expunge such Claims for the reasons set forth therein.

22. The Debtors object to the amount and/or the classification of the Claims listed in Exhibits A and B, and seek to reduce, reclassify and expunge such Claims because the Claims do not correspond to the Debtors’ books and records as: (i) the amount claimed exceeds the amounts reflected in the Debtors’ books and records, (ii) the Claims lack sufficient documentation to ascertain the validity of all parts of the Claims, (iii) the Claims are incorrectly classified as priority or secured Claims, (iv) the Claims have already been paid by the Debtors, (v) the Claim is a tax claim filed for a store lease the Debtors rejected during the course of the chapter 11 cases, and thus no taxes are owed, (vi) the Claim is a shareholder claim, or (vii) the Claim is a late filed claim.

23. To the extent that any Claim asserts a claim amount some portion of which is inaccurate, unverifiable, against a non-debtor entity, or which has already been paid, the Debtors reserve the right to object to the allowance of such portion of the Claim. Such Claims should not represent liability to the Debtors’ estates. Once a Reduced/Reclassified Claim is disallowed and expunged, the Surviving Claim shall be subject to all rights, defenses, counterclaims, actions, and objections to which the Claim would have been had it been correctly asserted initially.

#### **SEPARATE CONTESTED MATTERS**

24. To the extent that a Response (as defined below) is filed with respect to any Claim listed in this Third Omnibus Objection and the Debtors are unable to resolve the Response prior to the hearing on this Third Omnibus Objection, the Debtors request that each such Claim and the objection to such Claim asserted in this Third Omnibus Objection be deemed to constitute a separate contested matter as contemplated by Bankruptcy Rule 9014. The Debtors

further request that any order entered by the Court with respect to an objection asserted in this Third Omnibus Objection be deemed a separate order with respect to each Claim.

### **RESERVATION OF RIGHTS**

25. The Debtors expressly reserve the right to amend, modify, or supplement this Third Omnibus Objection and to file additional objections to any other Claims (filed or not) which may be asserted against the Debtors. Should one or more of the grounds for objection stated in this Third Omnibus Objection be dismissed, the Debtors reserve their rights to object on other stated grounds or on any other grounds that the Debtors discover thereafter. In addition, the Debtors reserve the right to seek further reduction of any Claim to the extent that such Claim has not yet been paid.

### **RESPONSES TO OBJECTIONS**

#### A. Filing and Service of Responses

26. To contest an objection, responses (each, a “Response”), if any, to this Third Omnibus Objection must comply with the procedures set forth below. All Responses must be received by the Debtors by May 10, 2011 (the “Response Deadline”). If a Claimant whose Claim is subject to an objection does not file and serve a timely Response, the Bankruptcy Court may sustain the Third Omnibus Objection with respect to such Claims without further notice to the Claimant.

27. Content. Each Response must contain the following (at a minimum):

- a. a caption setting forth the name of the Bankruptcy Court, the name of the Debtors, the case number and the title of this Third Omnibus Objection;
- b. the Claimant’s name and an explanation for the amount of the Claim;
- c. a concise statement setting forth the reasons why the Bankruptcy Court should not sustain this Third Omnibus Objection, including, without limitation, the specific factual and legal bases upon which the Claimant will rely in opposing this Third Omnibus Objection;

- d. a copy of any other documentation or other evidence of the Claim, to the extent not already included with the Claim, upon which the Claimant will rely in opposing this Third Omnibus Objection at the hearing, such documentation must be sufficient to establish a *prima facie* right to payment, provided however, that the Claimant need not disclose confidential, proprietary, or otherwise protected information in the Response; provided further, however, that the Claimant shall disclose to the Debtors all information and provide copies of all documents that the Claimant believes to be confidential, proprietary, or otherwise protected and upon which the Claimant intends to rely in support of its Claim, subject to appropriate confidentiality constraints and protections;
- e. a declaration of a person with personal knowledge of the relevant facts that support the Response; and
- f. the Claimant's name, address, telephone number and facsimile number and/or the name, address, telephone number and facsimile number of the Claimant's attorney and/or designated representative to whom the attorneys for the Debtors should serve a reply to the Response, if any (collectively, the "Notice Addresses"). If a Response contains Notice Addresses that are different from the name and/or address listed on the Claim, the Notice Addresses will control and will become the service address for future service of papers with respect to all of the Claimant's Claims listed in this Third Omnibus Objection (including all Claims to be disallowed and the surviving Claims) and only for those Claims in this Third Omnibus Objection.

28. Additional Information. To facilitate a resolution of this Third Omnibus Objection, the Response should also include the name, address, telephone number, facsimile number, and electronic mail address of the party with authority to reconcile, settle or otherwise resolve this Third Omnibus Objection on the Claimant's behalf (the "Additional Addresses"). Unless the Additional Addresses are the same as the Notice Addresses, the Additional Addresses will not become the service address for future service of papers.

29. Service of the Response. A written Response to this Third Omnibus Objection, consistent with the requirements described herein will be deemed timely filed only if the Response is actually received on or before the Response Deadline by (i) the Bankruptcy Court.



A written Response to this Third Omnibus Objection will be deemed timely served only if a copy of the Response is actually received on or before the Response Deadline by:

OLSHAN GRUNDMAN FROME  
ROSENZWEIG & WOLOSKY LLP  
Park Avenue Tower  
65 East 55<sup>th</sup> Street  
New York, New York 10022  
Attn: Michael S. Fox, Esq.  
Jordanna L. Nadritch, Esq.

30. If a Claimant whose Claim is subject to this Third Omnibus Objection and who is served with this Third Omnibus Objection fails to file and serve a timely Response in compliance with the foregoing procedures, the Debtors may present to the Court an appropriate order disallowing and expunging or modifying such Claim without further notice to the Claimant.

31. Timely Response Required. If a Response is properly and timely filed and served, and the Debtors are unable to reach a consensual resolution with the Claimant, the hearing to consider this Third Omnibus Objection, as to those Claims for which a Response has been filed, will be automatically adjourned to a date to be mutually determined by the parties.

#### **APPLICABLE AUTHORITY**

32. Prior to the amendment to Bankruptcy Rule 3007, neither the Bankruptcy Code nor the Bankruptcy Rules addressed a debtor's ability to file omnibus objections to claims. Bankruptcy Rule 3007 imposes facial limitations on the use of omnibus objections effected by the amendments, and the Debtors believe they are in compliance with such limitations. However, even if the Court does not believe the Debtors are in compliance with Bankruptcy Rule 3007, courts have routinely approved additional grounds for omnibus objections in large bankruptcy cases for the sake of expediency and efficiency. *See e.g., In re Adelphia Commc'ns.*

*Corp. et al.*, Case No. 02-41729 (REG); *In re Delphi Corp. et al.*, Case No. 05- 44481 (RDD); *In re Circuit City Stores, Inc., et al.*, Case No. 08-35653 (KRH).

33. Additionally, the Court may rely on its general equitable powers to grant the relief requested in this Motion pursuant to section 105(a) of the Bankruptcy Code, which empowers the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a); *Canal Corp. v. Finnman (In re Johnson)*, 960 F.2d 396, 404 (4th Cir. 1992) (“the allowance or disallowance of a claim in bankruptcy is a matter of federal law left to the bankruptcy court’s exercise of its equitable powers.”). *See also In re WorldCom, Inc.*, No. 02-13533, 2005 WL 3832065, at \*4 (Bankr. S.D.N.Y. Dec. 29, 2005).

34. The Third Omnibus Objection requests authority to object to the Claims on grounds that are set forth in Bankruptcy Rule 3007(d). In addition, the Third Omnibus Objection maintains the requisite due process protections and spirit of the amendments. Indeed, although the Third Omnibus Objection addresses multiple Claims, the Claims in Exhibit A are listed in alphabetical order, as required by Rule 3007(e). Thus, from the creditors’ standpoint, they can easily determine if the Debtors are objecting to their Claims and on what grounds.

35. Accordingly, the Debtors submit that the Third Omnibus Objection complies with the requirements of Rule 3007 and should be approved.

### **CONCLUSION**

36. The Debtors object to the allowance of the Claims as set forth herein for the reasons stated herein, and the Debtors hereby move this Court for an order providing that each Claim listed on Exhibit A is reduced and/or expunged.

37. This Third Omnibus Objection is limited to the grounds stated herein.

### **FURTHER INFORMATION**

38. Questions about this Third Omnibus Objection or requests for additional information about the proposed disposition of Claims thereunder should be directed to the Debtors' counsel, Olshan Grundman Frome Rosenzweig & Wolosky LLP, at the address set forth above. Questions regarding the amount of a Claim or the filing of a Claim should be directed to the Debtors' claims agent, BMC Group Inc. at (888) 909-0100. Claimants should not contact the Clerk of the Bankruptcy Court to discuss the merits of their Claims.

### **NOTICE**

39. Notice of this Motion has been provided to (i) Office of the United States Trustee for the Southern District of New York; (ii) counsel to Litigation Trust; (iii) the SEC; (iv) claimants listed on Exhibits A and B to this Third Omnibus Objection; and (v) any other party who has filed a notice of appearance in these cases. The Debtors submit that such notice is sufficient under the circumstances.

WHEREFORE the Debtors respectfully request that the Court enter an order substantially in the form annexed hereto as Exhibit C granting the relief requested herein.

Dated: New York, New York  
April 20, 2011

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 55<sup>th</sup> Street  
New York, New York 10022  
(212) 451-2300

*Counsel for the Debtors and the  
Reorganized Debtors*

**EXHIBIT A**

**Reduced/Reclassified Claims**

**In re: Jennifer Convertibles, Inc., et al**

**OMNIBUS 3: EXHIBIT A - REDUCED/RECLASSIFIED CLAIMS**

**CLAIM TO BE REDUCED OR RECLASSIFIED**

**SURVIVING CLAIM**

<i>Creditor Name and Address</i>	<i>Claim No.</i>	<i>Claim Class</i>	<i>Total Claim Amount</i>	<i>Creditor Name and Address</i>	<i>Claim No.</i>	<i>Claim Class</i>	<i>Total Claim Amount</i>
Combs et al, Alisha Attention: Alan Harris Harris & Ruble 6424 Santa Monica Blvd. Los Angeles, CA 90038	278	Priority: \$7,632,100.00 Priority:\$450,000.00	Priority: \$7,632,100.00 Priority:\$450,000.00	Combs et al, Alisha Attention: Alan Harris Harris & Ruble 6424 Santa Monica Blvd. Los Angeles, CA 90038	278	Unsecured: \$450,000.00 Priority: \$50,000.00	\$500,000.00
Constant, Joseph 49 Highland Drive Bloomfield Hills, MI 48302	316	Priority: \$1,399.19	\$1,399.19	Constant, Joseph 49 Highland Drive Bloomfield Hills, MI 48302	316	Unsecured: \$1,399.19	\$1,399.19
Crown Credit Company Attention: Rodney J. Hinders 102 S. Washington Street New Bremen, OH 45869	268	Secured: \$14,000.00	\$14,000.00	Crown Credit Company Attention: Rodney J. Hinders 102 S. Washington Street New Bremen, OH 45869	268	Unsecured: \$14,000.00	\$14,000.00
Furniture Service of Michigan 17410 Revere Road Southfield, MI 48076	208	Priority: \$1,695.00	\$1,695.00	Furniture Service of Michigan 17410 Revere Road Southfield, MI 48076	208	Unsecured: \$1,695.00	\$1,695.00
Litemor Distributors 290 Vanderbilt Avenue Suite 4 Norwood, MA 02062	243	Administrative: \$1,529.40 Unsecured: \$5,312.97	\$6,842.37	Litemor Distributors 290 Vanderbilt Avenue Suite 4 Norwood, MA 02062	243	Unsecured: \$6,842.37	\$6,842.37
Lowery, Latonya 70 Grove Highland Park, MI 48203	49	Priority: \$200.00	\$200.00	Lowery, Latonya 70 Grove Highland Park, MI 48203	49	Unsecured: \$200.00	\$200.00

**In re: Jennifer Convertibles, Inc., et al**

**OMNIBUS 3: EXHIBIT A - REDUCED/RECLASSIFIED CLAIMS**

<i>Creditor Name and Address</i>	<i>Claim No.</i>	<i>Claim Class</i>	<i>Total Claim Amount</i>	<i>Creditor Name and Address</i>	<i>Claim No.</i>	<i>Claim Class</i>	<i>Total Claim Amount</i>
Orange & Rockland Utilities PO Box 1005 Spring Valley, NY 10977	204	Administrative: \$1,388.85 Unsecured: \$1,388.85	\$2,777.70	Orange & Rockland Utilities PO Box 1005 Spring Valley, NY 10977	204	Unsecured: \$1,388.85	\$1,388.85
Settle, Wade 105 Whipple Road, #1 Kittery, ME 03904	167	Priority: \$2,019.97	\$2,019.97	Settle, Wade 105 Whipple Road, #1 Kittery, ME 03904	167	Unsecured: \$2,019.97	\$2,019.97

**EXHIBIT B**  
**Expunged Claims**



**In re: Jennifer Convertibles, Inc., et al**

**OMNIBUS 3: EXHIBIT B - EXPUNGED CLAIMS**

**CLAIM TO BE EXPUNGED**

<i>Creditor Name and Address</i>	<i>Claim No.</i>	<i>Claim Class</i>	<i>Total Claim Amount</i>	<i>Reason</i>
Ashley Furniture Industries Inc. One Ashley Way Arcadia, WA 54612	40	Administrative: \$147,649.79 Unsecured: \$134,880.20	\$282,529.99	Paid.
Bradley, Vicki 66 Ash Street Hopkinton, MA 01748	364	Priority: \$1,639.97	\$1,639.97	Late filed claim.
Contra Costa County Treasurer-Tax Collector Attention: Eric Moe PO Box 967 Martinez, CA 94553	31	Secured: \$188.71	\$188.71	Paid.
Diamond Star Glass 9881 6 <sup>th</sup> Street, #201 Rancho Cucamonga, CA 91730	154	Priority: \$2,824.60	\$2,824.60	Paid.
Division of Unemployment Assistance Attention: Chuck Hurst 5 <sup>th</sup> Floor 19 Stanford Street Boston, MA 02114	82	Priority: \$3,151.52	\$3,151.52	Settled at \$0.
Dwain P. Trabeau 14212 Chelwood Avenue Baton Rouge, LA 70816	157	Secured: \$1,000.00	\$1,000.00	Shareholder.
Georgia Department of Revenue Compliance Division PO Box 161108 Atlanta, GA 30321	358	Priority: \$1,932.52 Unsecured: \$1,472.93	\$3,405.45	Paid.
Illinois Department of Employment Security 333 S. State Street Chicago, IL 60603	323	Priority: \$36.00	\$36.00	Settled at \$0.

**In re: Jennifer Convertibles, Inc., et al**

**OMNIBUS 3: EXHIBIT B - EXPUNGED CLAIMS**

<i>Creditor Name and Address</i>	<i>Claim No.</i>	<i>Claim Class</i>	<i>Total Claim Amount</i>	<i>Reason</i>
Illinois Department of Employment Security 333 S. State Street Chicago, IL 60603	324	Priority: \$1,273.72	\$1,273.72	Settled at \$0.
Indiana Department of Revenue Bankruptcy Section N-240 100 N. Senate Avenue Indianapolis, IN 46204	101	Priority: \$1,793.89 Unsecured: \$11,466.89	\$13,260.78	Settled at \$0.
Indiana Department of Revenue Attention: Carol Lushell Bankruptcy Section 100 N. Senate Avenue Indianapolis, IN 46204	357	Administrative: \$1,888.06	1,888.06	Settled at \$0.
Jackson, James Conlee 5940 S. King Drive Unit 1W Chicago, IL 60637	363	Priority: \$2,078.47	\$2,078.47	Late filed claim.
Miami-Dade County Tax Collector Bankruptcy Unit 140 W. Flagler Street Suite 1403 Miami, FL 33130	2	Secured: \$90.00 Priority: \$61.32	\$151.32	Rejected lease.
New Jersey, State of Department of Treasury, Division Taxation PO Box 245 Trenton, NJ 08602	228	Priority: \$16,155.26	\$16,155.26	Paid.
New York State Department of Taxation & Finance Bankruptcy Section PO Box 5300 Albany, NY 12205	346	Priority: \$288,081.71 Unsecured: \$37,079.22	\$325,160.93	Settled.

**In re: Jennifer Convertibles, Inc., et al**

**OMNIBUS 3: EXHIBIT B - EXPUNGED CLAIMS**

<i>Creditor Name and Address</i>	<i>Claim No.</i>	<i>Claim Class</i>	<i>Total Claim Amount</i>	<i>Reason</i>
New York State Department of Taxation & Finance Bankruptcy Section PO Box 5300 Albany, NY 12205	367	Priority: \$1,833.70	\$1,833.70	Paid.
North Carolina Department of Revenue Attention: Angela C. Fountain Collections Examination Division PO Box 1168 Raleigh, NC 27602	7	Priority: \$1,409.01 Unsecured: \$140.85	\$1,549.87	Settled at \$0.
North Carolina Department of Revenue Attention: Angela C. Fountain Collections Examination Division PO Box 1168 Raleigh, NC 27602	8	Priority: \$1,409.01 Unsecured: \$140.85	\$1,549.87	Settled at \$0.
NYC Department of Finance Attention: Saul T. Fishman 345 Adams Street 3 <sup>rd</sup> Floor Brooklyn, NY 11201	361	Priority: \$709.00	\$709.00	Paid.
NYC Department of Finance Attention: Saul T. Fishman 345 Adams Street 3 <sup>rd</sup> Floor Brooklyn, NY 11201	365	Priority: \$138,859.00	\$138,859.00	Paid.
NYC Department of Finance Attention: Saul T. Fishman 345 Adams Street 3 <sup>rd</sup> Floor Brooklyn, NY 11201	368	Priority: \$439.00	\$439.00	Paid.

**In re: Jennifer Convertibles, Inc., et al**

**OMNIBUS 3: EXHIBIT B - EXPUNGED CLAIMS**

<i>Creditor Name and Address</i>	<i>Claim No.</i>	<i>Claim Class</i>	<i>Total Claim Amount</i>	<i>Reason</i>
NYC Department of Finance Attention: Saul T. Fishman 345 Adams Street 3 <sup>rd</sup> Floor Brooklyn, NY 11201	369	Priority: \$163,268.00	\$163,268.00	Paid.
Ohio Department of Taxation, Bankruptcy Division Attention: Rebecca L. Daum PO Box 530 Columbus, OH 43216	352	Priority: \$2,619.35 Unsecured: \$341.59	\$2,960.94	Settled at \$0.
Ohio Department of Taxation, Bankruptcy Division Attention: Rebecca L. Daum PO Box 530 Columbus, OH 43216	353	Priority: \$5,754.83 Unsecured: \$654.36	\$6,409.19	Settled at \$0.

**EXHIBIT C**

**Proposed Order**

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

In re:

JENNIFER CONVERTIBLES, INC.,<sup>1</sup>

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**ORDER APPROVING THE DEBTORS' THIRD OMNIBUS OBJECTION TO CERTAIN PROOFS OF CLAIM FILED AS PRIORITY AND SECURED CLAIMS THAT DO NOT CORRESPOND TO THE DEBTORS' BOOKS AND RECORDS**

Upon the objection, dated April 20, 2011 (the "Third Omnibus Objection")<sup>2</sup> of the above-captioned debtors (collectively, the "Debtors", or, the "Reorganized Debtors") for entry of an order (the "Order") pursuant to 11 U.S.C. § 502(b) and Fed. R. Bankr. P. 3007 reducing, reclassifying, or expunging the amount of each claim as itemized on Exhibits A and B attached thereto for the substantive reasons described therein; and the Court having jurisdiction to consider the Third Omnibus Objection and the relief requested therein pursuant 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 Third Omnibus Objection 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 Third Omnibus Objection (the "Hearing"); and the

<sup>1</sup> 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).

<sup>2</sup> All capitalized terms not defined herein shall have the meanings ascribed to them in the Third Omnibus Objection.

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 Third Omnibus Objection establish just cause for the relief granted herein; and it appearing that the relief requested in the Third Omnibus Objection 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. The relief requested in the Third Omnibus Objection is GRANTED.
2. Each Claim identified on Exhibits A and B to the Third Omnibus Objection is hereby reduced, reclassified and expunged as indicated therein.
3. Entry of this Order is without prejudice to the Debtors' right to object to any other claims in these chapter 11 cases, or to further object to claims objected to in the Third Omnibus Objection, on any grounds whatsoever.
4. Nothing contained herein shall constitute, nor shall it be deemed to constitute, the allowance of any of the claims.
5. This Court shall retain jurisdiction over the Debtors and the holders of Claims subject to the Third Omnibus Objection to hear and determine all matters arising from the implementation of this Order.
6. Each Claim and the objections by the Debtors to each Claim as addressed in the Third Omnibus Objection and as set forth on Exhibits A and B to the Third Omnibus Objection constitutes a separate contested matter as contemplated by Fed. R. Bankr. P. 9014. This Order shall be deemed a separate order with respect to each Claim. Any stay of this Order shall apply only to the contested matter which involves such creditor and shall not act to stay the applicability or finality of this order with respect to the other contested matters covered hereby.

7. This Court shall retain jurisdiction to interpret and enforce this Order.

Dated: \_\_\_\_\_, 2011  
New York, New York

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UNITED STATES BANKRUPTCY JUDGE