

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

HEARING DATE: April 27, 2011
HEARING TIME: 10:00 a.m.

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In re

Chapter 11

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

Case No. 10-13779 (ALG)

Debtors.

(Jointly Administered)

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**STATEMENT OF THE UNITED STATES TRUSTEE REGARDING
FINAL FEE APPLICATIONS**

TO: THE HONORABLE ALLAN L. GROPPER,
UNITED STATES BANKRUPTCY JUDGE:

Tracy Hope Davis, the United States Trustee for Region 2 (the “United States Trustee”), by and through her counsel, hereby respectfully files the Statement below regarding the final fee applications (the “Applications”) filed by the various retained professionals in the Chapter 11 cases of Jennifer Convertibles, Inc. and its affiliates and related entities (collectively, the “Debtors”).

FACTUAL BACKGROUND

On July 18, 2010 (the “Filing Date”), the Debtors commenced these cases by filing voluntary petitions under chapter 11 of the Bankruptcy Code. On July 23, 2010, the United States Trustee appointed an Official Committee of Unsecured Creditors in these cases (the “Committee”). *See* ECF Doc. No. 77.

On November 19, 2010, the Debtors filed their plan of reorganization and the related disclosure statement. *See* ECF Doc. Nos. 338, 339. By order signed on December 22, 2010, the Court approved the Debtors’ amended disclosure statement. *See* ECF Doc. No. 397.

On February 9, 2011, the Court entered Findings of Fact and Conclusions of Law signed on February 8, 2011 (the “Confirmation Order”), confirming the Debtors’ amended joint chapter 11 plan of reorganization (the “Plan”). *See* ECF Doc. No. 491. The Plan’s effective date occurred on February 22, 2011 (the “Effective Date”). *See* ECF Doc. No. 503. Under the Plan, the Debtors’ general unsecured creditors are to receive proceeds of certain notes (designated as Tranche A and Tranche C notes), 70% of the proceeds of the litigation trust created under the Plan, as well as 9.9% of the common stock in the reorganized Debtors. *See* Plan, at § 4.02(b)(3).

The Debtors are current with their outstanding United States Trustee quarterly fees pursuant to 28 U.S.C. § 1930 and any applicable interest thereon. The first quarterly update from the litigation trust created under the Plan is due on April 30, 2011. *See* Confirmation Order, at ¶ 18.

All of the pending Applications are first and final Applications. No interim applications for professional compensation have been filed in these cases by these applicant Professionals.

STATEMENT

The applicant Professionals are:

(A) For the Debtors:

(1) Olshan Grundman Frome Rosenzweig & Wolosky, LLP (“Olshan”), as general bankruptcy counsel (ECF Doc. No. 528);

(2) TM Capital Corp. (“TM”), as financial advisors (ECF Doc. No. 533);

(3) Eisner LLP (“Eisner”), as auditors (ECF Doc. No. 539); and

(4) KGS LLP (“KGS”), as tax professionals (ECF Doc. No. 538).

(B) For the Committee:

(1) Kelley Drye & Warren LLP (“KDW”), as general counsel (ECF Doc. No. 529); and

(2) Deloitte Financial Advisory Services, LLP (“Deloitte”), as financial advisors (ECF Doc. No. 530).

As set forth in the table below, the Professionals and the Committee members seek final allowances of fees totaling \$3,301,362.25, and reimbursement of out-of-pocket expenses totaling \$60,982.47, for total payment of \$3,362,344.72.

Applicant	Period	Fees	Expenses	Hours
Olshan Grundman Frome Rosenzweig & Wolosky LLP, Counsel to the Debtors	7/18/10 – 2/22/11 (Final)	\$1,436,806.50	\$37,633.57	3,650.40
TM Capital Corp., Financial Advisors to the Debtors	7/18/10 – 2/22/11 (Final)	\$678,830.65	\$10,307.30	1,685
Eisner LLP, Auditors to the Debtors	9/16/10 – 2/22/11 (Final)	\$255,000	\$0	1,267.8
KGS LLP, Tax Professionals to the Debtors	11/9/10 – 2/22/11 (Final)	\$53,440.10	\$0	268.35
Kelley Drye & Warren LLP, Counsel for the Committee	7/23/10 – 2/22/11 (Final)	\$620,222.50	\$9,238.84	1,246.80
Deloitte Financial Advisory Services LLP, Financial Advisors to the Committee	7/28/10 – 2/22/11 (Final)	\$257,062.50	\$3,802.76	700.5

A. Specific Comments

1. Olshan

Olshan has informed the United States Trustee in writing that it has agreed to a voluntary reduction of professional compensation requested by \$78,000. The United States Trustee has no objection to Olshan’s requested allowance and reimbursement, as so reduced.

2. TM Capital Corp.

Following discussions with Debtor’s counsel, the Committee, and the United States Trustee, TM has informed the United States Trustee in writing that it agreed to reduce its request

for professional compensation by \$33,000. The United States Trustee has no objection to TM's requested allowance and reimbursement, as so reduced.

3. KGS LLP

Debtor's counsel has informed the United States Trustee in writing that KGS has agreed to reduce its request for professional compensation by \$157.50 to address the United States Trustee's concerns. The United States Trustee has no objection to KGS's requested allowance and reimbursement, as so reduced.

4. Kelley Drye & Warren, LLP

Debtor's counsel has informed the United States Trustee in writing that KDW has agreed to voluntarily reduce its request for professional compensation by \$28,700. The United States Trustee has no objection to KDW's requested allowance and reimbursement, as so reduced.

5. Deloitte

Debtor's counsel has informed the United States Trustee in writing that Deloitte has agreed to voluntarily reduce its request for professional compensation by \$6,200. The United States Trustee has no objection to KDW's requested allowance and reimbursement, as so reduced.

CONCLUSION

WHEREFORE, the United States Trustee respectfully requests that the Court enter final fee orders reflecting the foregoing reductions, and granting such other and further relief as may be deemed just and proper.

Dated: New York, New York
April 25, 2011

Respectfully submitted,

TRACY HOPE DAVIS
UNITED STATES TRUSTEE

By: /s/ Nazar Khodorovsky
Nazar Khodorovsky
Andrew D. Velez-Rivera
Trial Attorneys
33 Whitehall Street, 21st Floor
New York, New York 10004
Tel. No. (212) 510-0500
Fax No. (212) 668-2255