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Hearing Date: February 28, 2012 at 10:00 a.m.
Objection Deadline: February 22, 2012 at 4:00 p.m.

Counsel to The Trust Administrator For
The Jennifer Convertibles Litigation Trust

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

)	
In re:)	Chapter 11
)	
JENNIFER CONVERTIBLES, INC., <i>et al.</i> ¹)	Case No. 10-13779 (ALG)
)	
Debtors.)	(Jointly Administered)
)	
)	

**THIRD MOTION OF THE TRUST ADMINISTRATOR FOR THE JENNIFER
CONVERTIBLES LITIGATION TRUST FOR AN ORDER EXTENDING THE TIME
TO FILE OBJECTIONS TO DISPUTED GENERAL UNSECURED CLAIMS**

The Trust Administrator (the “Trust Administrator”) for the Jennifer Convertibles Litigation Trust (the “Trust”) of Jennifer Convertibles, Inc., *et al.*, the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), by and through its counsel, Kelley Drye & Warren LLP, hereby files this third motion (the “Motion”) for entry of an order extending the time for the Trust Administrator to file objections to disputed general unsecured claims from January 20, 2012 to March 20, 2012. In support of this Motion, the Trust Administrator respectfully states as follows:

¹ The Debtors in these chapter 11 cases are: (i) Jennifer Convertibles, Inc.; (ii) Jennifer Convertibles Boylston MA, Inc.; (iii) Jennifer Chicago Ltd.; (iv) Elegant Living Management, Ltd.; (v) Hartsdale Convertibles, Inc.; (vi) Jennifer Management III Corp.; (vii) Jennifer Purchasing Corp.; (viii) Jennifer Management II Corp.; (ix) Jennifer Management V Ltd.; (x) Jennifer Convertibles Natick, Inc.; (xi) Nicole Convertibles, Inc.; and (xii) Washington Heights Convertibles, Inc.

JURISDICTION

1. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334, section 13.01 of the Plan (as defined below) and paragraph 39 of the Confirmation Order (as defined below). This matter is a core proceeding under 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are section 105(a) of the Bankruptcy Code and Rule 9006(b) of the Federal Rules of Bankruptcy Procedure.

BACKGROUND

2. On July 18, 2010 (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Following the Petition Date, the Debtors have continued to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases.

3. On February 8, 2011, the Court entered an Order (the "Confirmation Order")² confirming the Debtors' Amended Joint Chapter 11 Plan of Reorganization For Jennifer Convertibles, Inc. and its Affiliated Debtors (the "Plan").³

4. Pursuant to section 9 of the Plan, the Trust was formed on February 22, 2011, which was the date the Plan became effective (the "Effective Date").⁴ The Trust was formed for the purpose of (i) liquidating and distributing, among other things, the Litigation Trust Causes of Action, the Tranche A Note, the Tranche C Note, 9.9% of the New Common

² Docket Entry No. 491.

³ Docket Entry No. 399.

⁴ Docket Entry No. 503.

Stock and any other assets acquired by the Trust (the “Litigation Trust Fund”); and (ii) pursuing objections to disputed general unsecured claims. Pursuant to section 8.01 of the Plan, the Debtors were deemed to have assigned to the Trust on the Effective Date the exclusive right to object to disputed general unsecured claims. The appointment of the Trust Administrator was approved pursuant to paragraph 17 of the Confirmation Order.

5. Pursuant to the Plan, on the Effective Date, the Trust was funded with \$100,000 of cash to allow the Trust to handle numerous administrative expenses. The Tranche A Note, in the amount of \$1,400,000, is due and payable on February 22, 2012. The Tranche C Note, in the amount of \$950,000, is due and payable on February 22, 2014. On August 23, 2011, the Trust received the first installment of interest due under the Tranche A Note and the Tranche C Note, in the aggregate amount of \$44,382.19.

6. The right to object to disputed general unsecured claims was assigned to the Trust Administrator because it has the greatest incentive to ensure that holders of legitimate general unsecured claims receive the maximum possible distribution from the fixed assets allocated to the payment of general unsecured claims under the Plan.

7. Pursuant to section 8.01 of the Plan, the original deadline for the Trust Administrator to file objections to general unsecured claims was August 21, 2011 (180 days after the Effective Date), subject to the right to seek further extensions from the Court.

8. On June 8, 2011, the Trust Administrator filed its first motion to extend the objection deadline.⁵ On July 12, 2011, the Court entered an order extending the objection deadline to October 20, 2011 (the “Objection Deadline”).⁶

⁵ Docket Entry No. 589.

⁶ Docket Entry No. 605.

9. On September 6, 2011, counsel to the Trust Administrator sent an email to counsel to the Reorganized Debtors inquiring as to the procedure the Reorganized Debtors would like to use for information requests from the Trust Administrator regarding general unsecured claims. Counsel to the Reorganized Debtors requested the Trust Administrator put a list of questions together and send it to counsel.

10. Accordingly, on September 15 and September 21, 2011, counsel for the Trust Administrator sent two sets of information requests to counsel for the Reorganized Debtors containing detailed requests regarding general unsecured claims. Specifically, the Trust Administrator requested information from the Reorganized Debtors pertaining to approximately 170 filed claims. In addition, the Trust Administrator requested information from the Reorganized Debtors with respect to approximately 100 scheduled claims which the Trust Administrator was unable to match to filed claims, to ensure creditors would not receive duplicative recoveries. Counsel to the Trust Administrator sent follow up inquiries as to the status of responses to counsel for the Reorganized Debtors on September 27 and October 4, 2011. Counsel for the Reorganized Debtors failed to respond to the initial requests or the Trust Administrator's follow up inquiries.

11. During the initial extension period, the Trust Administrator, without the assistance of the Reorganized Debtors, made substantial progress in the review and analysis of the outstanding scheduled and filed claims asserted as general unsecured claims against the Debtors. On October 11, 2011, the Trust Administrator filed (i) a first (non-substantive) omnibus objection to certain (a) duplicative claims; (b) wrong debtor claims; (c) amended and superseded claims; (d) late filed claims; (e) satisfied claims; and (f) equity claims (the "First

Omnibus Objection”);⁷ and (ii) a second (substantive) omnibus objection to certain (a) overstated claims; (b) no liability claims; and (c) rejection damages claims (the “Second Omnibus Objection”).⁸ Between the First Omnibus Objection and the Second Omnibus Objection, the Trust Administrator was able to object to over ninety of the four hundred claims filed against the Debtors’ estates, seeking a reduction of the total filed claims by over \$11 million. The Court entered orders approving the First Omnibus Objection and Second Omnibus Objection on November 16, 2011.⁹

12. Also on October 11, 2011, the Trust Administrator filed its second motion to extend the Objection Deadline.¹⁰ On October 25, 2011, the Court entered an order extending the Objection Deadline to January 20, 2012.¹¹

13. Following the Court’s entry of the order further extending the Objection Deadline, the Trust Administrator again requested the necessary information from counsel for the Reorganized Debtors. On October 26, 2011, counsel for the Reorganized Debtors informed counsel for the Trust Administrator that the Reorganized Debtors were processing the requests. On or about November 7, 2011, the Reorganized Debtors provided information regarding the scheduled claims. Information regarding the filed proofs of claim was not provided until January 6, 2012.

14. The Trust Administrator has diligently reviewed this information in the two weeks before the extended Objection Deadline. On January 20, 2012, the Trust Administrator filed (i) a third (non-substantive) omnibus objection to certain (a) wrong debtor

⁷ Docket Entry No. 619.

⁸ Docket Entry No. 620.

⁹ Docket Entry Nos. 647, 648.

¹⁰ Docket Entry No. 622.

¹¹ Docket Entry No. 633.

claims; (b) duplicative claims; (c) satisfied claims; (d) Reorganized Debtors' liability claims claims; and (e) amended and superseded claims (the "Third Omnibus Objection");¹² and (ii) a fourth (substantive) omnibus objection to certain (a) overstated claims; (b) no liability claims; (c) misclassified claims; (d) rejection damages claims; (e) misclassified landlord claims; and (f) overstated landlord claims (the "Fourth Omnibus Objection").¹³ In the Third Omnibus Objection and the Fourth Omnibus Objection, the Trust Administrator has been able to object to an additional 100 claims.

RELIEF REQUESTED

15. By the Motion, the Trust Administrator seeks entry of an order, pursuant to section 105(a) of the Bankruptcy Code and Rule 9006(b) of the Federal Rules of Bankruptcy Procedure, extending the Objection Deadline for one month, through and including March 20, 2012, without prejudice to the Trust Administrator's right to request additional extensions, if necessary. Following receipt of information from the Reorganized Debtors regarding the filed claims, the Trust Administrator has been able to assess a substantial number of the outstanding claims, and has filed objections thereto. There are, however, a handful of remaining claims for which the Trust Administrator needs additional information. This extension would provide the Trust Administrator with time to request follow-up information from the Reorganized Debtors regarding such claims to determine whether any additional claim objections are warranted, and, if necessary, prepare and file additional objections. This extension would also provide the Trust Administrator with time to engage in discussions with certain of the Debtors' landlord claimholders in an effort to resolve their claims.

¹² Docket Entry No. 657.

¹³ Docket Entry No. 658.

BASIS FOR RELIEF

16. Section 8.01 of the Plan expressly contemplates the potential extension of the Objection Deadline. Section 8.01 provides that objections to claims shall be filed:

no later than: (a) 180 days after the Effective Date; or (b) such other date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clause (a) hereof. The Filing of a motion to extend such objection deadline shall automatically extend such deadline until a Final Order is entered on such motion. In the event that such a motion to extend the objection deadline is denied by the Bankruptcy Court, or approved by the Bankruptcy Court and reversed on appeal, such objection deadline shall be the later of the current deadline (as previously extended, as applicable) or 30 days after entry of a Final Order denying the motion to extend the objection deadline.¹⁴

17. Section 105(a) of the Bankruptcy Code authorizes the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this Title.”¹⁵ Furthermore, Bankruptcy Rule 9006(b) provides that, subject to certain inapplicable exceptions:

[w]hen any act is required or allowed to be done at or within a specified period by these rules or by notice given thereunder or by order of the court, the court for cause shown may at any time in its discretion (1) with or without motion or notice order the period enlarged if the request therefor is made before the expiration of the period originally prescribed or as extended by a previous order or (2) on motion made after the expiration of the specified period permit the act to be done where the failure to act was the result of excusable neglect.¹⁶

18. Extending the current Objection Deadline for the Trust Administrator to object to disputed general unsecured claims will not harm general unsecured creditors and is in the best interest of the Debtors’ estates and the holders of valid general unsecured claims.

¹⁴ Plan at § 8.01.

¹⁵ 11 U.S.C. § 105(a).

¹⁶ Fed. R. Bankr. P. 9006(b).

Moreover, initial distributions to holders of allowed general unsecured claims cannot be made until after the Trust receives payment on the Tranche A Note on February 22, 2012.

19. The requested extension will ensure the Trust Administrator has adequate time to (i) request follow-up information regarding a few potential disputed unsecured claims; (ii) prepare and file objections; and (iii) try and resolve claims without the need for litigation. Such an extension will avoid the undesirable alternative of having the Trust Administrator hastily file protective objections to claims or the allowance of improper claims.

WAIVER OF MEMORANDUM OF LAW

20. Since this Motion does not present any novel issues of law and the appropriate citations relied on by the Trust Administrator are cited herein, the Trust Administrator submits that a separate memorandum of law in support of the Motion is not necessary under Local Bankruptcy Rule 9013-1.

NOTICE

21. Notice of this Motion has been provided to: (i) the Office of the United States Trustee for the Southern District of New York; (ii) counsel to the Reorganized Debtors; and (iii) all parties requesting notice under Bankruptcy Rule 2002. The Trust Administrator submits that such notice is sufficient under the circumstances and that no other or further notice need be provided.

CONCLUSION

WHEREFORE, the Trust Administrator respectfully request that the Court enter an order (i) extending the Objection Deadline through and including March 20, 2012; and (ii) granting such other and further relief as the Court deems just and proper.

Dated: New York, New York
January 20, 2012

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