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(Successor to the Debtor and Debtor in Possession)*

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

In re:

JENNIFER CONVERTIBLES, INC.,

Debtor.

Chapter 11

Case No. 10-13779 (ALG)

**THE DEBTOR'S LIMITED OBJECTION TO THE PROPOSED STIPULATION AND
AGREED ORDER RESOLVING CLAIMS OF OAKLAND SQUARE LLC**

Jennifer Convertibles, Inc. (“Jennifer Convertibles” or the “Debtor”) files this limited objection (the “Objection”) to the proposed Stipulation and Agreed Order Resolving Claims of Oakland Square LLC (the “Stipulation and Order”) (docket no. 690) filed by The Trust Administrator For The Jennifer Convertibles Litigation Trust (“the Litigation Trustee”) and Oakland Square LLC (the “Landlord”). In support of this Objection, the Debtor respectfully states as follows:

Objection

1. The Debtor files this limited Objection to that portion of the Stipulation and Order which purports to grant the Landlord an administrative claim in the amount of \$22,695.55.

2. The Debtor has no objection to the Landlord receiving an allowed general unsecured claim in the amount of \$56,855.84, on account of prepetition amounts due and owing. The Debtor also has no objection to the Landlord receiving an allowed administrative claim for \$8,801.79, for unpaid post-petition amounts due and owing for July, 2010. However, to the extent the Stipulation and Order provides the Landlord with an allowed administrative claim for \$13,894.76 in post-petition attorney's fees and costs, the Debtor objects.

3. The proof of claim filed by the Landlord in the Debtor's chapter 11 case was unclear as to whether the Landlord sought administrative priority for any portion of its claim. Pursuant to page 2 of the Stipulation and Order, "it was unclear from the face of the claim the unsecured and administrative portions of the claim being asserted by [the Landlord]." The Debtor was not aware that the Landlord was asserting a \$22,695.55 administrative claim, \$13,894.76 of which was on account of attorney fees and expenses, until after the Stipulation and Order was filed.

4. The Landlord's lease was rejected by the Debtor in September, 2010. There was no motion to compel payment or other pleading filed by the Landlord in the Debtor's chapter 11 case, and no reason for the Landlord to have incurred \$13,894.76 in attorney's fees. This Court has, in the past, expressed a reluctance to require the Debtor to deplete its estate in order to pay a creditor's attorneys fees. The Debtor does not believe it should be liable for the Landlord's legal fees under the facts and circumstances presented. This is especially true when, as here, the Landlord is arguing that it is entitled to \$13,894.76 in legal fees on account of an \$8,801.79 stub rent claim.

5. Thus, for all of the above reasons, the Debtor objects to that portion of the Stipulation and Order purporting to grant the Landlord an administrative claim for \$13,894.76 in

attorney's fees and costs, and requests that this Court require the parties to modify the Stipulation and Order to reflect an allowed general unsecured claim of \$56,855.84 and an allowed administrative claim of \$8,801.79.

Notice

6. Notice of this Objection has been provided to: (i) the Office of the United States Trustee for the Southern District of New York; (ii) counsel to the Landlord; (iii) the Litigation Trustee; and (iv) any other party who has filed a notice of appearance in this case. The Debtor submits that such notice is sufficient under the circumstances.

WHEREFORE, the Debtor respectfully requests that this Court deny entry of the Stipulation and Order until same has been modified in accordance with the above.

Dated: New York, New York
March 6, 2012

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