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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)
Reorganized Debtors.))	(Jointly Administered)
))	
))	

**SECOND POST-CONFIRMATION STATUS REPORT OF THE TRUST
ADMINISTRATOR FOR THE JENNIFER CONVERTIBLES LITIGATION TRUST**

This *Second Post-Confirmation Status Report of the Trust Administrator for the
Jennifer Convertibles Litigation Trust* (the “Second Report”) is filed in accordance with:

(i) Paragraph 18 of the *Findings of Fact, Conclusions of Law, and Order Confirming the
Amended Joint Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and its
Affiliated Debtors* entered in the above-captioned cases on February 9, 2011 (the “Confirmation
Order”);² (ii) Article IX of the *Amended Joint Chapter 11 Plan of Reorganization for Jennifer*

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. (collectively, the “Debtors”).

² Docket Entry No. 491.

Convertibles, Inc. and its Affiliated Debtors, dated December 21, 2010 (the “Plan”);³ (iii) Section 3.10 of the *Litigation Trust Agreement and Declaration of Trust* dated February 22, 2012 (the “Trust Agreement”); and (iv) Rule 3021-1 of the *Local Bankruptcy Rules for the Southern District of New York* (the “Local Rules”).

The Plan became effective on February 22, 2011 (the “Effective Date”). On the Effective Date, the Jennifer Convertibles Litigation Trust (the “Trust”) was established. The Confirmation Order contemplates that, notwithstanding the applicable provisions of the Trust Agreement and Local Rule 3021-1, every January 30th, April 30th, July 30th and October 30th and until the Trust is terminated, quarterly updates showing any and all disbursements made by the Litigation Trust during the preceding quarter will be filed with the Court and served upon the U.S. Trustee.⁴

The *First Post-Confirmation Status Report of the Trust Administrator for the Jennifer Convertibles Litigation Trust* (the “First Report”), filed with this Court on October 29, 2012,⁵ details the disbursements made by the Trust from its inception through the third calendar quarter of 2012, when the first interim distribution was made to Holders of Allowed General Unsecured Claims. Pursuant to the Plan and the Trust Agreement, the Trust has undertaken the following activities, among others, between the date of the First Report and December 31, 2012:

- Continued prosecution of adversary proceedings against various defendants seeking the return of preferential and/or fraudulent transfers pursuant to Chapter 5 of the Bankruptcy Code (“Avoidance Actions”);
- Continued prosecution of certain causes of action against the Debtors’ directors and officers; and

³ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan.

⁴ Confirmation Order, at ¶ 18. In accordance with General Order M-448, issued by the United States Bankruptcy Court for the Southern District of New York today, this Second Report is being filed on January 31 due to the inaccessibility of the Court’s ECF filing system on January 30.

⁵ Docket Entry No. 826.

- Issued “catch up” first interim distributions of 6% to eligible Holders of allowed Class 3 General Unsecured Claims that were ineligible to receive their respective distributions when initially made by the Trust in August 2012.

The following activity has occurred with respect to Trust assets between the date of the First Report and December 31, 2012 (all amounts reflect Cash values):

Opening balance (October 30, 2012)	\$	547,537
Additions ⁶	\$	3,565
Plan disbursements ⁷	\$	(7,730)
Operating costs ⁸	\$	<u>(52,410)</u>
Ending balance (December 31, 2012)	\$	<u>490,961</u>

Dated: New York, New York
January 31, 2013

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⁶ Additions primarily include proceeds of Avoidance Actions and interest income.

⁷ This amount reflects all checks issued to Holders of Allowed General Unsecured Claims during the fourth calendar quarter of 2012.

⁸ Operating costs primarily consist of Trust Administrator fees, professional expenses, expenses associated with distributions, and bank fees.