

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
Greenbelt Division**

IN RE:)	
)	
JOANNE’S BED & BACK STORES, INC.)	Case No. 08-14606 (TJC)
)	(Chapter 11)
Debtor)	

**APPLICATION OF DEBTOR FOR AN ORDER,
UNDER 11 U.S.C. §327(a) AND FED. R. BANKR. P. 2014 AND 5002,
AUTHORIZING RETENTION AND EMPLOYMENT OF
SHULMAN, ROGERS, GANDAL, PORDY & ECKER, P.A. AS COUNSEL**

JoAnne’s Bed & Back Stores, Inc. (the “Debtor”) in the above-captioned case, debtor and debtor-in-possession in this case, hereby applies to the Court for entry of an order authorizing the Debtor to retain and employ Shulman, Rogers, Gandal, Pordy & Ecker, P.A. (“SRGPE”), as its bankruptcy counsel, pursuant to Section 327(a) of Title 11 of the United States Code (the “Bankruptcy Code”). 11 U.S.C. § 327(a). In support of its joint application, the Debtor respectfully represents as follows:

BACKGROUND

1. On April 2, 2008 (the “Petition Date”), the Debtor filed in this Court a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor continues in possession of its property and is operating its business as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

JURISDICTION AND VENUE

2. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue of this proceeding and this Application is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

BASIS FOR RELIEF

3. The statutory basis for the relief requested herein is 11 U.S.C. § 327 and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

4. The Debtor has its principal place of business located at 11714 Baltimore Avenue, Beltsville, Maryland 20705.

5. Prior to the Petition Date, the Debtor operated sixteen (16) retail stores including a warehouse in Maryland, Washington, DC and Virginia, which sell ergonomic mattresses, adjustable beds, office, lounge and massage chairs, seat lift chairs, comfort accessories and other furniture.

6. By this Application, the Debtor seeks authority to employ SRGPE as its bankruptcy counsel to represent it in connection with this bankruptcy case. The Debtor has selected SRGPE because the firm has considerable experience in complex Chapter 11 bankruptcy cases. SRGPE has agreed to represent the Debtor on the terms set forth in this Application.

Services to be Provided

7. The professional services the Debtor has asked SRGPE to provide include, but are not limited to:

- a. To provide the Debtor with legal advice with respect to its powers and duties in the operation of its business and the management of its properties pursuant to the Bankruptcy Code;
- b. To prepare on behalf of the Debtor all necessary applications, answers, orders, reports and other legal papers;
- c. To assist in analyses and representation with respect to lawsuits to which the Debtor is or may be a party;
- d. To negotiate, prepare, file and seek confirmation of a plan of reorganization;
- e. To represent the Debtor at all hearings, meetings of creditors and other proceedings; and
- f. To perform all other legal services for the Debtor which may be necessary to serve the best interests of the Debtor and its bankruptcy estate in this proceeding. Such services may include, at the Debtor's request, legal representation with respect to litigation, securities, transactional, tax and other matters.

8. The Debtor believes it is necessary to employ experienced bankruptcy counsel for such professional services. The Debtor desires to employ SRGPE under a general retainer because of the extensive legal services required.

SRGPE's Qualifications

9. SRGPE is a law firm of more than 90 attorneys, and engages in the practice of law in substantive areas, including bankruptcy/creditors' rights, corporate, litigation, real estate, telecommunications and tax. Because of SRGPE's expertise in bankruptcy matters, together with SRGPE's prior representation of the Debtor and its knowledge regarding the Debtor's

business, the Debtor believes that SRGPE is well qualified to represent the Debtor in the matters described above and that SRGPE's employment is in the best interest of the Debtor, its creditors, and its estate.

SRGPE's Representation of the Debtor

10. As of the Petition Date, SRGPE's only pending work for the Debtor was restructuring and bankruptcy advice.

SRGPE's Compensation

11. In connection with retaining SRGPE as their bankruptcy counsel, the Debtor paid to SRGPE an advance retainer of \$72,500 (the "Retainer"). Prior to the bankruptcy, SRGPE applied a total of \$29,815.50 of the Retainer for pre-petition fees for restructuring and bankruptcy services and \$1,118.75 of the Retainer for pre-petition costs. SRGPE is holding \$41,565.75 as a security retainer for post-petition services, subject to application and allowance by the Court.

12. SRGPE is holding the balance of the Retainer in escrow, pending the Court's authorization and approval of this Application. If this Application is not granted and if the payment of the Retainer to SRGPE is not approved, SRGPE has agreed to return the Retainer to the Debtor, and SRGPE will have no obligation to represent the Debtor in this case. If SRGPE is authorized to be employed and the payment of the Retainer to it is approved, SRGPE has agreed to apply the Retainer to its fees and the reimbursement of its expenses, under procedures approved by the Court. The Debtor has agreed that SRGPE may apply the Retainer to fees and expenses as incurred, subject to applicable bankruptcy law and practice. The Debtor has agreed that if the legal fees, costs and charges of these bankruptcy services exceed the Retainer, the

Debtor will pay the normal hourly rate charged to bankruptcy clients of the firm for ordinary legal services, and reimburse for costs and charges under procedures approved by the Court.

Disclosures of SRGPE

13. Except as stated in the accompanying Declaration of Morton A. Faller, to the best of the Debtor's knowledge, SRGPE (i) neither represents nor holds any interest adverse to the Debtor or its estate; (ii) has no connection with the Debtor, its creditors or any other party-in-interest or its respective attorneys and accountants, or with the United States Trustee for this District or any person employed in his office; and (iii) is a disinterested party, as that term is defined in section 101(14) of the Bankruptcy Code. Accordingly, the Debtor believes that the employment of SRGPE as its bankruptcy counsel is in the best interest of the Debtor, its creditors and its estate.

Notice

14. Notice of this Application has been provided to the United States Trustee, the Internal Revenue Service, the Securities and Exchange Commission, parties on the Debtor's list of twenty largest unsecured creditors, and any party who may have requested notice of these proceedings pursuant to Bankruptcy Rule 2002. The Debtor submits that such notice is appropriate and adequate in the particular circumstances, and no further notice is necessary.

WHEREFORE, for these reasons, the Debtor respectfully requests that it be authorized to retain and employ the law firm of SRGPE under a general retainer to represent it as bankruptcy counsel in this proceeding, and that it be granted such other and further relief as the Court deems proper.

Respectfully submitted,

JOANNE'S BED & BACK STORES, INC.

Dated: April 2, 2008

By: /s/ Jon M. Studner
Name: Jon M. Studner
Its: President

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