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7 Bankruptcy Counsel for eStyle, Inc.,
Debtor and Debtor in Possession
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10 **UNITED STATES BANKRUPTCY COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

12 In re
13 ESTYLE, INC., a Delaware corporation,
14 dba babystyle, Cadeau, and Cadeau
Designs,

15 Debtor.
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19 Tax Id # 95-4712564
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Case No. 2:08-bk-13518-SB

Chapter 11

NOTICE OF HEARING ON MOTION FOR APPROVAL OF STIPULATION BETWEEN DEBTOR IN POSSESSION, OFFICIAL UNSECURED CREDITORS' COMMITTEE, AND "BRIDGE LENDERS", OAK INVESTMENT PARTNERS, IX, OAK IX AFFILIATES FUND, OAK IX AFFILIATES FUND-A, GRP II, L.P., GRP II PARTNERS, L.P., AND GRP II INVESTORS, L.P. REGARDING (1) APPOINTMENT OF RESPONSIBLE OFFICER FOR THE DEBTOR; (2) EMPLOYMENT OF ACCOUNTANT FOR THE DEBTOR; AND (3) ANCILLARY ISSUES THERETO

DATE: September 23, 2008
TIME: 11:00 a.m.
PLACE: U.S. Bankruptcy Court
Courtroom 1575
255 East Temple Street
Los Angeles, CA 90012

25 **TO ALL INTERESTED PARTIES:**
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27 **PLEASE TAKE NOTICE** that a hearing on the "Motion for Approval of
28 Stipulation Between Debtor In Possession, Official Unsecured Creditors' Committee, and

1 "Bridge Lenders", Oak Investment Partners, IX, Oak IX Affiliates Fund, Oak IX Affiliates
2 Fund-A, GRP II, L.P., GRP II Partners, L.P., and GRP II Investors, L.P. Regarding (1)
3 Appointment of Responsible Officer for the Debtor; (2) Employment of Accountant for the
4 Debtor; and (3) Ancillary Issues Thereto" (the "Motion"), filed by eStyle, Inc. (the
5 "Debtor"), is set for hearing on September 23, 2008, at 11:00 a.m., in Courtroom 1575,
6 United States Bankruptcy Court, 255 East Temple Street, Los Angeles, California.

7 **PLEASE TAKE FURTHER NOTICE** that any party opposing the Court's
8 approval of the Motion, must file a formal, written opposition with the Clerk of the
9 Bankruptcy Court, deliver a copy to the Court's chambers, and serve a copy of the
10 opposition on bankruptcy counsel for the Debtor no less than fourteen (14) days prior to
11 the hearing. Failure to timely file and serve an opposition may be deemed by the Court
12 to be consent to the granting of the Motion.

13 The Debtor's business and related assets have been sold pursuant to Court
14 approval. The former management and employees of the Debtor have been hired by the
15 purchaser. The Debtor, the Bridge Lenders (the Debtor's remaining secured creditors),
16 and the unsecured creditors committee (the "Committee") agree that the Debtor should
17 move forward with the administration of this case and the presentation of a liquidating
18 chapter 11 plan.

19 The Debtor, the Committee, and the Bridge Lenders have stipulated (the
20 "Stipulation") to the appointment of Jim Baer as the "Responsible Officer" for the Debtor
21 to replace the Debtor's prior management and to fulfill the role of management of the
22 debtor in possession in this case. Approval of the Stipulation is the subject of the Motion.
23 A copy of the Stipulation is attached as Exhibit 1 to the Motion. Moreover, the Debtor's
24 Board of Directors has appointed Jim Baer as an officer of the Debtor to replace the
25 Debtor's prior management and officers who are now employed by the Purchaser.

26 The primary terms of the Stipulation include the following:
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A. Retention of James K. Baer as Responsible Officer. Jim Baer shall be retained as "Responsible Officer" for the Debtor to replace the Debtor's prior management and to fulfill the role of management of the debtor in possession in this case. The appointment of Jim Baer as responsible officer shall be made effective as of August 1, 2008. Baer & Troff, LLP shall no longer represent the Debtor as special corporate counsel as of that date.

B. Retention of Accountant. Subject to Court approval, the Debtor shall retain the accounting firm of Grobstein, Horwath & Company, LLP ("GH&C"), to work with the Responsible Officer and provide accounting services to the extent required by the Debtor.

C. Terms of Compensation of Responsible Officer. The Responsible Officer shall be compensated on a monthly basis in the sum of \$12,500 per month. Expenses incurred by the Responsible Officer shall be reimbursed at actual cost. The Bridge Lenders have agreed that the compensation and expenses of the Responsible Officer shall be carved out of their collateral. The Responsible Officer's role and compensation in this case shall cease and terminate on the effective date of the Plan.

D. Terms of Compensation of GH&C. GH&C shall be compensated as a professional employed by the Debtor through the effective date of Plan, subject to Court approval. Fees and expenses incurred by GH&C shall be paid and reimbursed, respectively, under properly noticed fee and costs applications in similar fashion to all other professionals in the case. The Bridge Lenders have previously agreed that their secured claims are subordinate to the compensation and expenses of the Debtor's professionals (which, subject to Court approval of its employment, shall include GH&C). Following the effective date of the Plan,

1 GH&C shall be employed as provided for in the Plan to be proposed by the
2 Debtor.

3 **E. Post-Petition Payments to Counsel for Committee and**
4 **Debtor's Bankruptcy Counsel.** Continuing the provision of postpetition
5 payments to the Committee that was in place under the cash collateral
6 orders prior to Wachovia (the Debtor's senior secured creditor) being paid
7 off, the Committee's counsel will be wired \$7,500 per week commencing on
8 September 1, 2008, through the effective date of the Plan. Further, the
9 Debtor's bankruptcy counsel shall be wired \$10,000 per week for the same
10 time period.

11 The Debtor's Board of Directors (the "Board") continues in place and
12 continues to fulfill its duties and obligations as a board of directors for a debtor in
13 possession. Generally, under such circumstances, where there is a need to replace
14 former officers of a debtor, the debtor's board of directors may act on its own without the
15 involvement of the Court. In this case, the Board and the Debtor believe that it is in the
16 best interest of the estate and the Debtor to appoint Jim Baer as the Responsible Officer
17 and since Mr. Baer's law firm has acted as corporate counsel to the Debtor it has been
18 deemed by the Debtor to be proper and appropriate to bring this matter before the Court.
19 Moreover, representatives of the primary remaining (subsequent to the satisfaction of the
20 claim of Wachovia) constituencies in this case, the Committee (on behalf of the
21 unsecured creditors) and the Bridge Lenders (the remaining secured creditors), have
22 stipulated (as set forth in Exhibit 1 hereto) to the appointment of Jim Baer as Responsible
23 Officer in accordance with the terms of the Stipulation.

24 DATED: August 28, 2008

SULMEYERKUPETZ
A Professional Corporation

25
26 By: 

27 David S. Kupetz
28 Mark S. Horoupian
Bankruptcy Counsel for eStyle Inc.,
Debtor and Debtor in Possession

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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

At the time of service, I was over 18 years of age and **not a party to this action**. I am employed in the County of Los Angeles, State of California. My business address is 333 South Hope Street, Thirty-Fifth Floor, Los Angeles, California 90071-1406.

On August 28, 2008, I served the following document(s) described as **NOTICE OF HEARING ON MOTION FOR APPROVAL OF STIPULATION BETWEEN DEBTOR IN POSSESSION, OFFICIAL UNSECURED CREDITORS' COMMITTEE, AND "BRIDGE LENDERS", OAK INVESTMENT PARTNERS, IX, OAK IX AFFILIATES FUND, OAK IX AFFILIATES FUND-A, GRP II, L.P., GRP II PARTNERS, L.P., AND GRP II INVESTORS, L.P. REGARDING (1) APPOINTMENT OF RESPONSIBLE OFFICER FOR THE DEBTOR; (2) EMPLOYMENT OF ACCOUNTANT FOR THE DEBTOR; AND (3) ANCILLARY ISSUES THERETO;** on the interested parties in this action as follows:

BY MAIL: I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed in the Service List and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with SulmeyerKupetz's practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

Carolyn Lievers, Esq.
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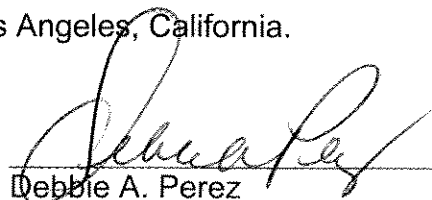
SwaddleDesigns, LLC
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BY E-MAIL OR ELECTRONIC TRANSMISSION: I caused the document(s) to be sent from the e-mail address dperez@sulmeyerlaw.com to the persons at the e-mail addresses listed in the Service List, I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on August 28, 2008, at Los Angeles, California.


Debbie A. Perez

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OFFICE OF THE UNITED STATES TRUSTEE

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