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7 Bankruptcy Counsel for eStyle, Inc.  
Debtor and Debtor in Possession

8 **UNITED STATES BANKRUPTCY COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

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In re  
ESTYLE, INC., a Delaware corporation,  
dba babystyle, Cadeau, and Cadeau  
Designs,  
Debtor.  
Tax Id # 95-4712564

Case No. 2:08-bk-13518-SB

Chapter 11

**DECLARATION OF DEBTOR RE FIRST  
INTERIM APPLICATION FOR  
APPROVAL OF COMPENSATION AND  
REIMBURSEMENT OF EXPENSES BY  
SPECIAL CORPORATE COUNSEL  
(BAER & TROFF, LLP) FOR DEBTOR IN  
POSSESSION**

DATE: September 9, 2008  
TIME: 2:00 p.m.  
PLACE: U.S. Bankruptcy Court  
Courtroom 1575  
255 East Temple Street  
Los Angeles, CA 90012

**DECLARATION OF Gerald R. Gallagher**

I, Gerald R. Gallagher, declare:

1. I have personal knowledge of the facts stated herein. I can testify that said facts are true and correct.

2. I am a member of the Board of Directors of eStyle, Inc. (the "Debtor").

3. The Debtor commenced the above-captioned case by filing a voluntary chapter 11 petition on March 19, 2008.

4. The Debtor continues to administer its chapter 11 estate as a debtor in possession.

5. The Office of the United States Trustee appointed an official Committee of Creditors Holding Unsecured Claims (the "Committee") in this case on April 10, 2008.

6. Pursuant to an Order of the Court entered on July 16, 2008, the Debtor has sold (the "Sale") its business and substantially all of its assets (excluding cash, accounts receivable, deposits with merchant credit card processors, and certain other claims and limited assets) to TRS Acquisition Subsidiary, Inc. (the "Purchaser"), a portfolio company of Hancock Park Capital II, L.P. The Sale to the Purchaser closed on July 21, 2008.

7. Also on July 21, 2008, in accordance with authorization of the Court, the Debtor's senior secured lender, Wachovia Capital Finance Corporation (Western) ("Wachovia"), was paid in full from the Sale proceeds.

8. Oak Investment Partners, IX, Limited Partnership, a Delaware Limited Partnership, Oak IX Affiliates Fund, Limited Partnership, a Delaware Limited Partnership, and Oak IX Affiliates Fund – A Limited Partnership, a Delaware Limited Partnership (collectively, the "Oak Entities"), GRP II, L.P., a Delaware Limited Partnership, GRP II Partners, L.P., a Delaware Limited Partnership, and GRP II Investors, L.P., a Delaware Limited Partnership (collective, the "GRP Entities") are

1 creditors of the Debtor asserting secured claims against the Debtor that were  
2 subordinated to the claims of Wachovia prior to the satisfaction of Wachovia's claim from  
3 the Sale Proceeds. The Oak Entities and the GRP Entities are sometimes collectively  
4 referred to herein as the "Bridge Lenders".

5           9. In accordance with a stipulation between the Bridge Lenders, the  
6 Debtor, and the Committee approved by an Order of the Court entered on May 9, 2008,  
7 the Bridge Lenders have subordinated their secured claims to certain administrative  
8 expenses incurred by the Debtor and the Committee in this case.

9           10. The former management and employees of the Debtor have been  
10 hired by the Purchaser.

11           11. The Debtor, the Bridge Lenders, and the Committee agree that the  
12 Debtor should move forward with the administration of this case and the presentation of a  
13 liquidating chapter 11 plan (the "Plan").

14           12. Baer & Troff, LLP ("B&T"), has served as special corporate counsel  
15 to the Debtor in this case pursuant to an Order of the Court entered on April 24, 2008.  
16 James K. Baer ("Jim Baer") is a partner in B&T.

17           13. Because the Debtor's management personnel has been hired by the  
18 Purchaser, it is necessary that management be replaced and that the person replacing  
19 prior management work with counsel for the Debtor, the Committee, and the Bridge  
20 Lenders to advance the administration of this case.

21           14. The Debtor, the Committee, and the Bridge Lenders have stipulated  
22 (the "Stipulation") to the appointment of Jim Baer as the "Responsible Officer" for the  
23 Debtor to replace the Debtor's prior management and to fulfill the role of management of  
24 the debtor in possession in this case. B&T no longer serves as special corporate counsel  
25 to the Debtor. Moreover, the Debtor's Board of Directors has appointed Jim Baer as an  
26 officer of the Debtor to replace the Debtor's prior management and officers who are now  
27 employed by the Purchaser.

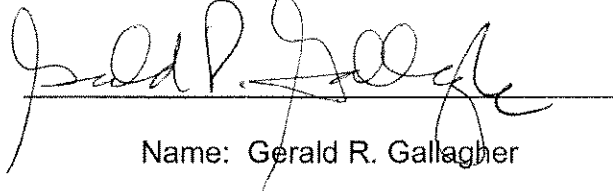
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15. This Declaration is submitted in connection with the "First Interim Application for Approval of Compensation and Reimbursement of Expenses by Special Corporate Counsel (Baer & Troff, LLP) for Debtor in Possession" (the "Application").

16. The Debtor has reviewed the Application and has no objection to it. I declare under penalty of perjury that the foregoing is true and correct.  
EXECUTED THIS 4th DAY OF SEPTEMBER, 2008.



Name: Gerald R. Gallagher

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1 PROOF OF SERVICE

2 STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

3 At the time of service, I was over 18 years of age and **not a party to this action.** I  
4 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.

5 On September 8, 2008, I served the following document(s) described as **DECLARATION OF**  
6 **DEBTOR RE FIRST INTERIM APPLICATION FOR APPROVAL OF COMPENSATION**  
7 **AND REIMBURSEMENT OF EXPENSES BY SPECIAL CORPORATE COUNSEL**  
(BAER & TROFF, LLP) FOR DEBTOR IN POSSESSION on the interested parties in this action  
as follows:

8 **BY MAIL:** I enclosed the document(s) in a sealed envelope or package addressed to the  
9 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  
10 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  
11 in the ordinary course of business with the United States Postal Service, in a sealed  
envelope with postage fully prepaid.

12 Carolyn Lievers, Esq.  
13 First Assistant Attorney General Bus & Licensing  
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State of Washington  
Department of Revenue and Employment Security  
c/o Zachary Mosner, Asst. Attorney General  
Bankruptcy & Collections Unit  
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16 Garvey Schubert Barer  
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Tax Collector County of Santa Clara  
County Govt Center 6<sup>th</sup> Fl East Wing  
70 West Hedding St  
San Jose, CA 95110

18  
19 **BY E-MAIL OR ELECTRONIC TRANSMISSION:** I caused the document(s) to be sent  
20 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  
21 transmission, any electronic message or other indication that the transmission was  
unsuccessful. **SEE ATTACHED EMAIL SERVICE LIST**

22 I declare under penalty of perjury under the laws of the United States of America  
23 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.

24 Executed on September 8, 2008, at Los Angeles, California.

25  
26   
27 \_\_\_\_\_  
28 Debbie A. Perez

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## EMAIL SERVICE LIST

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