

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

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In re: : Chapter 11
: :
CRABTREE & EVELYN, LTD., : Case No. 09-14267 (BRL)
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Debtor. : **Hearing Date: August 26, 2009 at 10:00 a.m.**
: **Objection Deadline: August 21, 2009 by 4:00 p.m.**
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**APPLICATION FOR AN ORDER AUTHORIZING THE RETENTION
OF SCOULER & COMPANY, LLC AS FINANCIAL ADVISORS AND, IF NEEDED,
FORENSIC ACCOUNTANTS TO THE COMMITTEE OF UNSECURED CREDITORS**

The Committee of Unsecured Creditors (the “Committee”) of Crabtree & Evelyn, Ltd. (the “Debtor”), submits this application (the “Application”) for the entry of an Order pursuant to 11 U.S.C. § 1103 and Federal Rule of Bankruptcy Procedure 2014(a) (the “Bankruptcy Rules”) authorizing the retention of Scouler & Company, LLC (“Scouler”) as financial advisors and forensic accountants to the Committee, effective as of July 20, 2009. In support of this Application, the Committee respectfully represents as follows:

PRELIMINARY STATEMENT

1. The Committee has selected Scouler as its financial advisor and, if needed, forensic accountant, to conduct financial advisory and investigative services that may be necessary and appropriate to this case and to provide assistance.

BACKGROUND

2. On July 1, 2009, (the “Petition Date”), the Debtor filed with the United States Bankruptcy Court for the Southern District of New York (the “Court”) a voluntary petition for

relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”), commencing the above-captioned chapter 11 case. The Debtor continues to operate its businesses and manage its properties as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. No trustee or examiner has been appointed in the Debtor’s bankruptcy cases.

4. On July 10, 2009, the Office of the United States Trustee for the Southern District of New York (the “U.S. Trustee”), appointed five of the Debtors’ largest unsecured creditors to serve as members of the Committee. On July 14, 2009, the U.S. Trustee appointed two additional members to the Committee. The Committee presently consists of: Alpha Logica, Inc.; Carole Hochman Design Group; GGP Limited Partnership; Original Bradford Soap Works, Inc.; Orlandi, Inc.; Simon Property Group, Inc.; and Vera Bradley Designs, Inc. Thereafter, the Committee selected Hahn & Hessen LLP to serve as its counsel and Scouler to serve as its financial advisor and, if needed, forensic accountant.

JURISDICTION

5. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A). Venue of this proceeding and the within Application in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409(a). The statutory predicates for the relief requested herein are §§ 328 and 1103(a) of the Bankruptcy Code, as complemented by Bankruptcy Rule 2014.

RELIEF REQUESTED

6. By this Application, the Committee seeks entry of an Order pursuant to section 1103 of the Bankruptcy Code authorizing the Committee to retain Scouler as its financial advisors

and, if needed, forensic accountants in this chapter 11 case, effective as of July 20, 2009. The Committee requests that such order be substantially in the form annexed hereto as Exhibit "A".

7. Scouler is a financial advisory/consulting firm which maintains offices at 445 Park Avenue, 10th Floor, New York, NY 10022. Scouler's professionals have extensive experience working with financially troubled companies in complex chapter 11 cases. Scouler's experience and expertise includes maximizing recoveries to creditors, crisis management, sale of assets, liquidation, forensic accounting and expert testimony. Their professionals have advised on a broad range of issues including creditors' motion for the appointment of a Chapter 11 Trustee, reorganization plan feasibility, business plan viability, valuations and the reasonableness of certain transactions. Scouler has an excellent reputation as one of the most experienced restructuring firms in the country.

8. The Committee has determined that it is in the best interests of all creditors and the estate to retain financial advisors to assist the Committee in this chapter 11 case. The Committee desires to retain Scouler to provide such financial professional services as Scouler and the Committee deem necessary and beneficial to the Committee and all unsecured creditors. The services that the Committee may request include, but are not limited to, the following:

- a) Evaluate and advise the Committee on the strategy being undertaken by the Debtor, including liquidation or business plans and related matters.
- b) Review and analyze the options for maximizing creditor recoveries including, as necessary, assisting in the formation of a plan of reorganization or liquidation for the Debtor (either in conjunction with the Debtor or solely on behalf of the Committee). This may involve, among other things, the preparation and review of financial forecasts, liquidity planning, and developing strategies to reduce costs or otherwise streamline or improve operational performance.
- c) Assist committee counsel with the examination of transactions between the Debtor and affiliates and/or other insiders.

- d) Develop strategies for maximizing the net proceeds from the realization of any asset(s) that may be disposed of as part of the restructuring.
- e) Analyze any proposed sale of the Debtor as a going concern and report to the Committee on the potential ramifications of such a sale.
- f) Participate in negotiations with the Debtor's shareholders that may provide funding for a reorganization of the Debtor.
- g) Assist the Committee and its counsel with ongoing communications with the Debtor and its lenders, including assisting with the reporting necessary to implement the restructuring plan.
- h) Participate, at the Committee's request and to the extent appropriate, in meetings and discussions with the Debtor, its DIP lender, other creditor constituencies and their respective professionals.
- i) Perform such other services as may be requested by the Committee from time to time.

8. It is essential that the Committee employ a financial advisor and, if needed, forensic accountant to render the foregoing professional services in order to assist the Committee with its duties and to handle the many issues that may arise in the context of this case. The Committee believes that Scouler is qualified to serve it in this chapter 11 case and that the retention of Scouler is in the best interests of the creditors. Because of the number of emergent matters pending with the Court in these cases, Scouler was requested to immediately begin many of the tasks outlined in paragraph 7 above. The services to be rendered by Scouler will not duplicate the services to be rendered by any other professionals retained by the Committee in these bankruptcy cases, and every effort will be made to ensure that Scouler's services are rendered in the most cost-effective manner possible.

10. Subject to the Court's approval and pursuant to Sections 330 and 331 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the rules and other procedures which this Court may fix, the Committee requests that Scouler be compensated at a blended

hourly rate for its professionals of \$450. If a Scouler professional is traveling on account of this engagement, but not otherwise working on this matter, such time will be billed at one-half the normal hourly rate. Scouler shall also seek reimbursement of the actual and necessary expenses, charges and disbursements which it incurs in connection with services provided to the Committee in this case.

11. Scouler is not owed any amounts with respect to pre-petition fees and expenses.

12. No agreement or understanding in any form exists to share any compensation received by Scouler for its services to the Committee with any other person or firm, other than as permitted by the Bankruptcy Code.

13. To the best of the Committee's knowledge and subject to the Affidavit of John Rudd submitted in support of this Application, Scouler represents no other entity in connection with this case, is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, and does not hold or represent any interest adverse to the Debtor's estate with respect to the matters upon which it is to be employed.

NOTICE AND PRIOR APPLICATIONS

14. Notice of this Application has been given to (i) the Office of the United States Trustee, (ii) counsel to the Debtor, and (iii) all parties who have filed a notice of appearance pursuant to Bankruptcy Rule 2002. The Committee respectfully submits that no further notice of the relief requested herein is necessary.

15. No prior Application for the relief requested herein has been made to this or any other Court.

16. Because this Application presents no novel issues of law and the authorities relied upon by the Committee are set forth herein, the Committee respectfully requests that the Court

waive the requirement for the filing of a separate memorandum of law in support of this Application pursuant to Local Rule 9013-1(b), but the Committee reserves the right to file a brief in reply to any objection to this Application.

WHEREFORE, the Committee respectfully requests that this Court enter an Order (i) authorizing the retention of Scouler & Company, LLC as its financial advisors and, if needed, forensic accountants, effective as of July 20, 2009, on the terms and conditions set forth herein, with fees and expenses to be paid pursuant to the Bankruptcy Rules, the Local Rules of this Court, and such other orders as the Court may direct, and (ii) for such other and further relief as the Court deems necessary and just.

Dated: August 5, 2009

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF CRABTREE & EVELYN, LTD.

By: /s/ Julie Minnick Bowden
Julie Minnick Bowden
GGP Limited Partnership
Co-Chair of the Committee

By: /s/ Ronald M. Tucker
Ronald M. Tucker
Simon Property Group, Inc.
Co-Chair of the Committee