Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
SAFAVIEH GROUP, LLC 401(K) PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/2003

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
SAFAVIEH GROUP, LLC

40 HARBOR PARK DRIVE NORTH
PORT WASHINGTON, NY 11050

2b Employer Identification Number (EIN)
20-4052536

2c Sponsor's telephone number
516-945-8010

2d Business code (see instructions)
423200

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/28/2011	MOHSEN YARAGHI
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")

SAFAVIEH GROUP, LLC

40 HARBOR PARK DRIVE NORTH
PORT WASHINGTON, NY 11050

3b Administrator's EIN: 20-4052536

3c Administrator's telephone number: 516-945-8010

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	192
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	171
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	0
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	171
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	171
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	16
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2J 3D 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		___ **A** (Insurance Information)
(4)	X	**C** (Service Provider Information)
(5)		**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2010** **This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
SAFAVIEH GROUP, LLC 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
SAFAVIEH GROUP, LLC

D Employer Identification Number (EIN)
20-4052536

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

ALLIANCEBERNSTEIN L.P.

13-4064930

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

INVESCO DISTRIBUTORS, INC.

74-1894784

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

MORGAN STANLEY INVESTMENT ADVISORS

13-3680016

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

OPPENHEIMER FUNDS INC.

13-2527171

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

VAN KAMPEN FUNDS INC.

36-2811402

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

ADP

22-1467904

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 50 15 64	RECORD KEEPER	525	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

ADP BROKER-DEALER

22-3319984

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
63	RECORD KEEPER	0	Yes [X] No [ ]	Yes [ ] No [X]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

MORGAN STANLEY SMITH BARNEY LLC

26-4310632

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
63 60 59 99 49	RECORDKEEPER	0	Yes [X] No [ ]	Yes [ ] No [X]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
ADP BROKER-DEALER	63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ALLIANCEBERNSTEIN L.P. 13-4064930	ANNUAL RATE 0.00265 OF AVERAGE DAILY ASSETS

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
MORGAN STANLEY SMITH BARNEY LLC	63 60 59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ALLIANCEBERNSTEIN L.P. 13-4064930	ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
MORGAN STANLEY SMITH BARNEY LLC	63 60 59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
INVESCO DISTRIBUTORS, INC. 74-1894784	ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
ADP BROKER-DEALER	63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
INVESCO DISTRIBUTORS, INC. 74-1894784	ANNUAL RATE 0.00265 OF AVERAGE DAILY ASSETS

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
ADP BROKER-DEALER	63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
MORGAN STANLEY INVESTMENT ADVISORS 13-3680016	ANNUAL RATE 0.00265 OF AVERAGE DAILY ASSETS

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
MORGAN STANLEY SMITH BARNEY LLC	60 59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
MORGAN STANLEY INVESTMENT ADVISORS 13-3680016	ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
MORGAN STANLEY SMITH BARNEY LLC	63 60 59	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OPPENHEIMER FUNDS INC. 13-2527171	ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
ADP BROKER-DEALER	63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OPPENHEIMER FUNDS INC. 13-2527171	ANNUAL RATE 0.00265 OF AVERAGE DAILY ASSETS

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
ADP BROKER-DEALER	63	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
VAN KAMPEN FUNDS INC. 36-2811402	ANNUAL RATE 0.00265 OF AVERAGE DAILY ASSETS

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
MORGAN STANLEY SMITH BARNEY LLC	63 60 59 99 49	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
VAN KAMPEN FUNDS INC. 36-2811402	ANNUAL RATE 0.00150 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00100 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00150 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

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(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
SAFAVIEH GROUP, LLC 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
SAFAVIEH GROUP, LLC

D Employer Identification Number (EIN)
20-4052536

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	12117	9310
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	380133	407388
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	392250	416698
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	392250	416698

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)		
(B) Participants	2a(1)(B)	26464	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		26464
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	944	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		944
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	3182	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		3182
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		45337
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		75927
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	30187	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		30187
f Corrective distributions (see instructions)	2f		15022
g Certain deemed distributions of participant loans (see instructions)	2g		5745
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	525	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		525
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		51479
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		24448
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ZAPKEN & LOEB LLP (2) EIN: 11-3118865

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		40000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
SAFAVIEH GROUP, LLC 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
SAFAVIEH GROUP, LLC

D Employer Identification Number (EIN)
20-4052536

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 57-1198022

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

SAFAVIEH GROUP, LLC, 401(K) PLAN

FINANCIAL STATEMENTS

WITH ACCOMPANYING INFORMATION

AND

INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

SAFAVIEH GROUP, LLC, 401(K) PLAN
FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements:	
Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009	2
Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2010	3
Notes to Financial Statements	4 - 7
Supplemental Schedules Required by the Department of Labor:	
Schedule of Assets Held for Investment Purposes as of December 31, 2010 and 2009	8

ZL

Zapken & Loeb L.L.P.
Certified Public Accountants

99 Woodbury Road
Hicksville, New York 11801

Telephone (516) 822-5000
Fax (516) 822-5018

INDEPENDENT AUDITORS' REPORT

To the Trustees of
Safavieh Group, LLC, 401(K) Plan

We were engaged to audit the accompanying statements of net assets available for benefits of Safavieh Group, LLC, 401(K) Plan as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010, and the supplemental schedule of assets held for investment purposes as of December 31, 2010 and 2009. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, and the supplemental schedule of assets held for investment purposes which was certified by State Street Bank and Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the custodian holds the plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of December 31, 2010 and 2009, and for the years then ended, that the information provided to the plan administrator by the custodian is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements, and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America, and in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Zapken & Loeb LLP

Hicksville, NY
July 18, 2011

SAFAVIEH GROUP, LLC, 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Investments at fair value	$ 407,388	$ 380,133
Receivables:		
Participant contributions receivable	1,576	1,869
Participant loans receivable	9,310	12,117
TOTAL ASSETS	$ 418,274	$ 394,119
LIABILITIES		
TOTAL NET ASSETS AVAILABLE FOR BENEFITS	$ 418,274	$ 394,119

See independent auditors' report and accompanying notes to financial statements.

SAFAVIEH GROUP, LLC, 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2010

Additions to net assets attributed to:	
Participant contributions	$ 26,171
Net increase in fair value of investments	48,519
Investment income	
Interest on participant loans	944
Total additions to net assets	75,634
Deductions from net assets attributed to:	
Benefits paid to participants	30,187
Corrective distributions	15,022
Deemed distribution	5,745
Administrative expenses	525
Total deductions from net assets	51,479
Net increase in net assets available for benefits	24,155
Net assets available for benefits:	
Beginning of year	394,119
End of year	$ 418,274

See independent auditors' report and accompanying notes to financial statements.

NOTE 1 - DESCRIPTION OF PLAN

The following description of the Safavieh Group, LLC, 401(k) Plan (the "Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan was established by the owners of Safavieh, Inc, Safavieh Carpets of Isfahan, Inc., Omar Khayam Oriental Rugs, Inc., Safavieh Carpets and Rugs, Inc., Persepolis Carpets, Inc., Broadway 902, Inc., Hamid, Inc., Safavieh of Paramus, Inc., Safavieh of Westchester, and Safavieh Group, LLC (the "Sponsors") on January 1, 2003. The lead company for the plan was changed from Safavieh, Inc. to Safavieh Group, LLC, effective January 1, 2008. It is a defined contribution plan covering all eligible employees who have completed at least one year of eligibility service and have attained the age of 21. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may elect to contribute up to 90% of their pretax annual compensation, as defined in the Plan, subject to certain Internal Revenue Code limitations. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. There were no employer contributions to the Plan. The Plan currently offers 25 options for participants.

Participants' Accounts

Each participant's account is credited with the participant's contribution and Plan earnings and charged with withdrawals and an allocation of Plan losses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions and actual earnings thereon.

Participant Loans

Participants may borrow from their fund accounts a minimum of $500 and up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates as determined at the time the loan is made by the Plan administrator. Principal and interest are paid ratably through payroll deductions.

NOTE 1 - DESCRIPTION OF PLAN (continued)

Investment Valuation

The Plan's investments, which are participant directed, are held by State Street Bank and Trust Company and are stated at quoted market prices which represent the net asset value of shares held by the Plan at year-end. Interest and dividend income is recognized as earned. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are determined on the first-in, first-out basis. Participant loans are valued at the outstanding loan balances.

Management fees and operating expenses charged to the Plan for investments in the mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of net appreciation (depreciation) in fair market value of investments for such investments.

Payment of Benefits

On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or payments in monthly, quarterly, semi-annual, or annual cash installments over a period not to exceed the life expectancy of the participant and his designated beneficiary. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. The Plan allows hardship withdrawals if certain conditions are met.

Administrative Costs

The employer absorbs certain administrative costs of the Plan as provided in the Plan Document.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The Plan administrator uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported additions and deductions.

NOTE 3 – INVESTMENTS CERTIFIED BY TRUSTEE (UNAUDITED)

The following is a summary of the unaudited information regarding the Plan included in the Plan's financial statements and supplemental schedule which was prepared by State Street Bank and Trust Company, the custodian of the Plan, and furnished to the plan administrator. The plan administrator has obtained certifications from the custodian that such information is complete and accurate.

Registered Investment Companies (Mutual Funds)	2010	2009
INVVK Mid Cap Growth A	$ 59,834 *	$ -0-
Morgan Stanley Liquid Asset Fund	58,110 *	77,798 *
Invesco S&P 500 Index Fund	53,444 *	-0-
INVVK Capital Growth Fund A	32,660 *	-0-
INVVK Corporate Bond Fund A	31,658 *	-0-
Morgan Stanley Mid-Capital Growth Fund	29,296 *	24,060 *
INVVK Comstock Fund A	28,527 *	-0-
Morgan Stanley U.S. Government Securities Trust	27,816 *	21,535 *
Oppenheimer International Growth Fund	27,443 *	28,877 *
Morgan Stanley Focus Growth	17,592	11,779
Oppenheimer Global Allocation Fund	14,707	7,437
Invesco Special Value A Fund	12,900	-0-
Alliance Growth and Income Fund	7,885	6,460
INVVK Global Equity Allocation Fund A	5,516	-0-
Morgan Stanley S&P 500 Index Fund	-0-	66,598 *
Van Kampen Cap Growth Fund	-0-	37,953 *
Van Kampen Mid-Capital Growth Fund	-0-	36,697 *
Van Kampen Comstock Fund	-0-	28,677 *
Van Kampen Corporate Bond Fund	-0-	11,870
Morgan Stanley Special Value Fund	-0-	11,324
Van Kampen Global Equity Allocation Fund	-0-	9,068
Total investments at fair value	$ 407,388	$ 380,133

* NOTE: Represents 5% or more of the Plan's net assets.

NOTE 4 – TAX STATUS

The Internal Revenue Service has determined and informed the Administrator by letter that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code. The Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

NOTE 5 – PLAN TERMINATION

Although it has not expressed any intent to do so, the company has the right under the Plan to terminate the Plan, subject to the provisions of ERISA. In the event the Plan is terminated, the Trustee shall distribute to the participants, their beneficiaries or estates, all assets remaining in the Plan after payment of any expenses properly chargeable to the Plan.

NOTE 6 – RECONCILIATION OF SCHEDULE "H" OF FORM 5500 TO FINANCIAL STATEMENTS

The following is a reconciliation of the Form 5500 Schedule "H" to the Net Assets Available for Benefits per the financial statements as of and for the years ended December 31, 2010 and 2009:

	2010	2009
Net assets available for benefits per Schedule "H" of Form 5500	$ 416,698	$ 392,250
Add: Accruals of contributions at year end	1,576	1,869
Net assets available for benefits per financial statements	$ 418,274	$ 394,119

The following is a reconciliation of participant contributions per the financial statements for the year ended December 31, 2010 to the Form 5500, Schedule "H" contributions received.

Contributions received per the financial statements	$ 26,171
Add: 2009 accrual of contributions receivable	1,869
Less: 2010 accrual of contributions receivable	(1,576)
Contributions received from participants per Form 5500, Schedule "H"	$ 26,464

SAFAVIEH GROUP, LLC, 401(K) PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
DECEMBER 31, 2010 AND 2009

	2010	2009
INVVK Mid Cap Growth A	$ 59,834 *	$ -0-
Morgan Stanley Liquid Asset Fund	58,110 *	77,798 *
Invesco S&P 500 Index Fund	53,444 *	-0-
INVVK Capital Growth Fund A	32,660 *	-0-
INVVK Corporate Bond Fund A	31,658 *	-0-
Morgan Stanley Mid-Capital Growth Fund	29,296 *	24,060 *
INVVK Comstock Fund A	28,527 *	-0-
Morgan Stanley U.S. Government Securities Trust	27,816 *	21,535 *
Oppenheimer International Growth Fund	27,443 *	28,877 *
Morgan Stanley Focus Growth	17,592	11,779
Oppenheimer Global Allocation Fund	14,707	7,437
Invesco Special Value A Fund	12,900	-0-
Alliance Growth and Income Fund	7,885	6,460
INVVK Global Equity Allocation Fund A	5,516	-0-
Morgan Stanley S&P 500 Index Fund	-0-	66,598 *
Van Kampen Cap Growth Fund	-0-	37,953 *
Van Kampen Mid-Capital Growth Fund	-0-	36,697 *
Van Kampen Comstock Fund	-0-	28,677 *
Van Kampen Corporate Bond Fund	-0-	11,870
Morgan Stanley Special Value Fund	-0-	11,324
Van Kampen Global Equity Allocation Fund	-0-	9,068
Total investments at fair value	$ 407,388	$ 380,133

* NOTE: Represents 5% or more of the Plan's net assets.

Sponsor Identification Number 20-4052536
Plan Number 001

See independent auditors' report.

Schedule C, Line 2(h) Formula Description

For those service providers listed on Line 2 for which Line 2(h) has been checked "yes":

For a description of indirect compensation received by service providers listed on Line 2 that was disclosed as a formula, please see Line 3(e). Please note: If indirect compensation disclosed as a formula was received by a service provider from more than one source, there will be multiple Lines 3(e) for that service provider.

SAFAVIEH GROUP, LLC, 401(K) PLAN

FINANCIAL STATEMENTS

WITH ACCOMPANYING INFORMATION

AND

INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

SAFAVIEH GROUP, LLC, 401(K) PLAN
FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements:	
Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009	2
Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2010	3
Notes to Financial Statements	4 - 7
Supplemental Schedules Required by the Department of Labor:	
Schedule of Assets Held for Investment Purposes as of December 31, 2010 and 2009	8

ZL

Zapken & Loeb L.L.P.
Certified Public Accountants

99 Woodbury Road
Hicksville, New York 11801

Telephone (516) 822-5000
Fax (516) 822-5018

INDEPENDENT AUDITORS' REPORT

To the Trustees of
Safavieh Group, LLC, 401(K) Plan

We were engaged to audit the accompanying statements of net assets available for benefits of Safavieh Group, LLC, 401(K) Plan as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010, and the supplemental schedule of assets held for investment purposes as of December 31, 2010 and 2009. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, and the supplemental schedule of assets held for investment purposes which was certified by State Street Bank and Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the custodian holds the plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of December 31, 2010 and 2009, and for the years then ended, that the information provided to the plan administrator by the custodian is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements, and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America, and in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Zapken & Loeb LLP

Hicksville, NY
July 18, 2011

SAFAVIEH GROUP, LLC, 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Investments at fair value	$ 407,388	$ 380,133
Receivables:		
Participant contributions receivable	1,576	1,869
Participant loans receivable	9,310	12,117
TOTAL ASSETS	$ 418,274	$ 394,119
LIABILITIES		
TOTAL NET ASSETS AVAILABLE FOR BENEFITS	$ 418,274	$ 394,119

See independent auditors' report and accompanying notes to financial statements.

SAFAVIEH GROUP, LLC, 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2010

Additions to net assets attributed to:	
Participant contributions	$ 26,171
Net increase in fair value of investments	48,519
Investment income	
Interest on participant loans	944
Total additions to net assets	75,634
Deductions from net assets attributed to:	
Benefits paid to participants	30,187
Corrective distributions	15,022
Deemed distribution	5,745
Administrative expenses	525
Total deductions from net assets	51,479
Net increase in net assets available for benefits	24,155
Net assets available for benefits:	
Beginning of year	394,119
End of year	$ 418,274

See independent auditors' report and accompanying notes to financial statements.

NOTE 1 - DESCRIPTION OF PLAN

The following description of the Safavieh Group, LLC, 401(k) Plan (the "Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan was established by the owners of Safavieh, Inc, Safavieh Carpets of Isfahan, Inc., Omar Khayam Oriental Rugs, Inc., Safavieh Carpets and Rugs, Inc., Persepolis Carpets, Inc., Broadway 902, Inc., Hamid, Inc., Safavieh of Paramus, Inc., Safavieh of Westchester, and Safavieh Group, LLC (the "Sponsors") on January 1, 2003. The lead company for the plan was changed from Safavieh, Inc. to Safavieh Group, LLC, effective January 1, 2008. It is a defined contribution plan covering all eligible employees who have completed at least one year of eligibility service and have attained the age of 21. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may elect to contribute up to 90% of their pretax annual compensation, as defined in the Plan, subject to certain Internal Revenue Code limitations. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. There were no employer contributions to the Plan. The Plan currently offers 25 options for participants.

Participants' Accounts

Each participant's account is credited with the participant's contribution and Plan earnings and charged with withdrawals and an allocation of Plan losses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions and actual earnings thereon.

Participant Loans

Participants may borrow from their fund accounts a minimum of $500 and up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates as determined at the time the loan is made by the Plan administrator. Principal and interest are paid ratably through payroll deductions.

NOTE 1 - DESCRIPTION OF PLAN (continued)

Investment Valuation

The Plan's investments, which are participant directed, are held by State Street Bank and Trust Company and are stated at quoted market prices which represent the net asset value of shares held by the Plan at year-end. Interest and dividend income is recognized as earned. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are determined on the first-in, first-out basis. Participant loans are valued at the outstanding loan balances.

Management fees and operating expenses charged to the Plan for investments in the mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of net appreciation (depreciation) in fair market value of investments for such investments.

Payment of Benefits

On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or payments in monthly, quarterly, semi-annual, or annual cash installments over a period not to exceed the life expectancy of the participant and his designated beneficiary. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. The Plan allows hardship withdrawals if certain conditions are met.

Administrative Costs

The employer absorbs certain administrative costs of the Plan as provided in the Plan Document.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The Plan administrator uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported additions and deductions.

NOTE 3 – INVESTMENTS CERTIFIED BY TRUSTEE (UNAUDITED)

The following is a summary of the unaudited information regarding the Plan included in the Plan's financial statements and supplemental schedule which was prepared by State Street Bank and Trust Company, the custodian of the Plan, and furnished to the plan administrator. The plan administrator has obtained certifications from the custodian that such information is complete and accurate.

Registered Investment Companies (Mutual Funds)	2010	2009
INVVK Mid Cap Growth A	$ 59,834 *	$ -0-
Morgan Stanley Liquid Asset Fund	58,110 *	77,798 *
Invesco S&P 500 Index Fund	53,444 *	-0-
INVVK Capital Growth Fund A	32,660 *	-0-
INVVK Corporate Bond Fund A	31,658 *	-0-
Morgan Stanley Mid-Capital Growth Fund	29,296 *	24,060 *
INVVK Comstock Fund A	28,527 *	-0-
Morgan Stanley U.S. Government Securities Trust	27,816 *	21,535 *
Oppenheimer International Growth Fund	27,443 *	28,877 *
Morgan Stanley Focus Growth	17,592	11,779
Oppenheimer Global Allocation Fund	14,707	7,437
Invesco Special Value A Fund	12,900	-0-
Alliance Growth and Income Fund	7,885	6,460
INVVK Global Equity Allocation Fund A	5,516	-0-
Morgan Stanley S&P 500 Index Fund	-0-	66,598 *
Van Kampen Cap Growth Fund	-0-	37,953 *
Van Kampen Mid-Capital Growth Fund	-0-	36,697 *
Van Kampen Comstock Fund	-0-	28,677 *
Van Kampen Corporate Bond Fund	-0-	11,870
Morgan Stanley Special Value Fund	-0-	11,324
Van Kampen Global Equity Allocation Fund	-0-	9,068
Total investments at fair value	$ 407,388	$ 380,133

* NOTE: Represents 5% or more of the Plan's net assets.

NOTE 4 – TAX STATUS

The Internal Revenue Service has determined and informed the Administrator by letter that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code. The Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

NOTE 5 – PLAN TERMINATION

Although it has not expressed any intent to do so, the company has the right under the Plan to terminate the Plan, subject to the provisions of ERISA. In the event the Plan is terminated, the Trustee shall distribute to the participants, their beneficiaries or estates, all assets remaining in the Plan after payment of any expenses properly chargeable to the Plan.

NOTE 6 – RECONCILIATION OF SCHEDULE "H" OF FORM 5500 TO FINANCIAL STATEMENTS

The following is a reconciliation of the Form 5500 Schedule "H" to the Net Assets Available for Benefits per the financial statements as of and for the years ended December 31, 2010 and 2009:

	2010	2009
Net assets available for benefits per Schedule "H" of Form 5500	$ 416,698	$ 392,250
Add: Accruals of contributions at year end	1,576	1,869
Net assets available for benefits per financial statements	$ 418,274	$ 394,119

The following is a reconciliation of participant contributions per the financial statements for the year ended December 31, 2010 to the Form 5500, Schedule "H" contributions received.

Contributions received per the financial statements	$ 26,171
Add: 2009 accrual of contributions receivable	1,869
Less: 2010 accrual of contributions receivable	(1,576)
Contributions received from participants per Form 5500, Schedule "H"	$ 26,464

SAFAVIEH GROUP, LLC, 401(K) PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
DECEMBER 31, 2010 AND 2009

	2010	2009
INVVK Mid Cap Growth A	$ 59,834 *	$ -0-
Morgan Stanley Liquid Asset Fund	58,110 *	77,798 *
Invesco S&P 500 Index Fund	53,444 *	-0-
INVVK Capital Growth Fund A	32,660 *	-0-
INVVK Corporate Bond Fund A	31,658 *	-0-
Morgan Stanley Mid-Capital Growth Fund	29,296 *	24,060 *
INVVK Comstock Fund A	28,527 *	-0-
Morgan Stanley U.S. Government Securities Trust	27,816 *	21,535 *
Oppenheimer International Growth Fund	27,443 *	28,877 *
Morgan Stanley Focus Growth	17,592	11,779
Oppenheimer Global Allocation Fund	14,707	7,437
Invesco Special Value A Fund	12,900	-0-
Alliance Growth and Income Fund	7,885	6,460
INVVK Global Equity Allocation Fund A	5,516	-0-
Morgan Stanley S&P 500 Index Fund	-0-	66,598 *
Van Kampen Cap Growth Fund	-0-	37,953 *
Van Kampen Mid-Capital Growth Fund	-0-	36,697 *
Van Kampen Comstock Fund	-0-	28,677 *
Van Kampen Corporate Bond Fund	-0-	11,870
Morgan Stanley Special Value Fund	-0-	11,324
Van Kampen Global Equity Allocation Fund	-0-	9,068
Total investments at fair value	$ 407,388	$ 380,133

* NOTE: Represents 5% or more of the Plan's net assets.

Sponsor Identification Number 20-4052536
Plan Number 001

See independent auditors' report.

Attachment to 2010 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name SAFAVIEH GROUP, LLC 401(K) PLAN **EIN:** 20-4052536
Plan Sponsor's Name SAFAVIEH GROUP, LLC **PN:** 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	ALLIANCEBER GROWTH AND INC - A	REGISTERED INVESTMENT COMPANY		7,885
	INVVK MID CAP GROWTH A	REGISTERED INVESTMENT COMPANY		59,834
	MORGAN STANLEY FOCUS GRTH-A	REGISTERED INVESTMENT COMPANY		17,592
	MORGAN STANLEY MID CAP GRTH -A	REGISTERED INVESTMENT COMPANY		29,296
	OPPENHEIMER INTL GROWTH - A	REGISTERED INVESTMENT COMPANY		27,443
	OPPENHEIMER GLBL ALLOCATION A	REGISTERED INVESTMENT COMPANY		14,707
	MORGAN STANLEY LIQUID ASSET	REGISTERED INVESTMENT COMPANY		58,110

Attachment to 2010 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name _____ **EIN:** _____
Plan Sponsor's Name _____ **PN:** _____

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	MORGAN STANLEY US GOVT SEC - A	REGISTERED INVESTMENT COMPANY		27,816
	INVESCO S&P 500 INDEX A	REGISTERED INVESTMENT COMPANY		53,444
	INVESCO SPECIAL VALUE A	REGISTERED INVESTMENT COMPANY		12,900
	INVVK CAPITAL GROWTH A	REGISTERED INVESTMENT COMPANY		32,660
	INVVK COMSTOCK A	REGISTERED INVESTMENT COMPANY		28,527
	INVVK CORPORATE BOND A	REGISTERED INVESTMENT COMPANY		31,658
	INVVK GLBL EQUTY ALLOCATION A	REGISTERED INVESTMENT COMPANY		5,516

Attachment to 2010 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name _____ **EIN:** _____
Plan Sponsor's Name _____ **PN:** _____

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	PARTICIPANT LOANS	INTEREST RATES (5.25% TO 9.75%)		9,310