

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SPORTS AUTHORITY HOLDINGS,
INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 16-10527-MFW

(Jointly Administered)

Objection Date: March 22, 2016 at 4:00 pm

Hearing Date: March 29, 2016 at 1:00 p.m.

Ref. Docket No. 15 and 156

**LIMITED OBJECTION OF LEVIN MANAGEMENT CORPORATION AS AGENT FOR
IKEA PROPERTIES, INC. TO DEBTORS' EMERGENCY MOTION FOR INTERIM
AND FINAL ORDERS (A) AUTHORIZING THE DEBTORS TO ASSUME THE
CLOSING STORE AGREEMENT, (B) AUTHORIZING AND APPROVING STORE
CLOSING SALES FREE AND CLEAR OF ALL LIENS, CLAIMS AND
ENCUMBRANCES, (C) AUTHORIZING THE IMPLEMENTATION OF CUSTOMARY
EMPLOYEE BONUS PROGRAM AND PAYMENTS TO NON-INSIDERS
THEREUNDER, (D) APPROVING DISPUTE RESOLUTION PROCEDURES, AND (E)
APPROVING THE DEBTORS' STORE CLOSING PLAN**

Levin Management Corporation as agent for Ikea Properties, Inc. (the "Landlord"), by and through its counsel, hereby files the following Limited Objection to the above-captioned debtors' (the "Debtors") Emergency Motion for Interim and Final Orders (A) Authorizing the Debtors to Assume the Closing Store Agreement, (B) Authorizing and Approving Store Closing Sales Free and Clear of All Liens, Claims and Encumbrances, (C) Authorizing the Implementation of Customary Employee Bonus Program and Payments to Non-Insiders Thereunder, (D) Approving Dispute Resolution Procedures, and (E) Approving the Debtors' Store Closing Plan (the "Motion²"), and respectfully represents as follows:

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Sports Authority Holdings, Inc. (9008); Slap Shot Holdings, Corp. (8209); The Sports Authority, Inc. (2802); TSA Stores, Inc. (1120); TSA Gift Card, Inc. (1918); TSA Ponce, Inc. (4817); and TSA Caribe, Inc. (5664). The headquarters for the above-captioned Debtors is located at 1050 West Hampden Avenue, Englewood, Colorado 80110.

² Capitalized terms shall have the same meaning ascribed to them in the Motion, unless otherwise provided herein.



BACKGROUND

1. On March 2, 2016 (the “Petition Date”), the Debtors filed voluntary petitions under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) with this Court.
2. Upon information and belief, the Debtors are operating their businesses as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
3. The Landlord and at least one of Debtors are parties to at least one (1) unexpired lease of nonresidential real property (the “Lease”) of premises located at Routes 4 and 17, Paramus, New Jersey (the “Premises”):
4. Levin Management Corporation is the authorized agent for Ikea Properties, Inc.
5. Debtors have not made a payment for post-petition rents for the Premises.
6. Debtors are delinquent with pre-petition rent for the months of March and February 2016, as well as for other related charges.

OBJECTIONS TO ASSUMPTION OF CLOSING STORE AGREEMENT

7. In the Motion, the Debtors seek a waiver of contractual restrictions in leases which restrict closing sales. There is no question that this Court may place reasonable limitations or constraints on a going out of business sale (“GOB Sale”). Among other things, restrictions may be placed on the number, size, language, color, and placement of sale signage and banners, advertising, duration of the sale, and the condition and turnover of the premises at the end of the GOB Sale. Security for payment of rent during the sale period may also be obtained until the store is finally closed.
8. Of particular concern to the Landlord is the process to be used in order to hang outdoor signage for the GOB sales, at the Premises. If not properly installed, the signage can cause significant damage to the Premises. For example, if holes are improperly drilled in an EFIS stucco façade, in order to hang GOB signage, water may penetrate and cause significant damage to Premises. As such, it is respectfully submitted that the Debtors’ agents coordinate with

Landlord's property managers before any signage is installed in order to assure installation is accomplished in a manner so as to not cause structural damage to the Premises.

9. Landlord also has the following objections to the Sale Guidelines:

- ***Sale Duration*** There should be a finite period of time within which the Debtors may conduct the GOB Sales. The Motion sets for an approximate end-date. This date should be firm.
- ***Hours of Operation*** The GOB Sale should be conducted within the normal operating hours of the mall or shopping center. Here, while the Motion contemplates store operation during normal mall hours, the Motion contemplates removal of fixtures and related items, outside of normal hours. This should not be permitted.
- ***Mall/Center Regulations*** The GOB Sale should comply with the mall or shopping center regulations or guidelines concerning security, maintenance, trash removal or any other pertinent guidelines.
- ***Compliance with the Law*** The GOB Sale should comply with state and local consumer laws, including "Blue Laws" and laws that limit activities on Sundays.
- ***Signage and Advertising*** Reasonable restrictions should be placed on: (1) the language and wording used in the signs or advertising; (2) the number of signs or advertisements the Debtors will use; (3) the placement of any signs; (4) the color of the signs; (5) the use of amplified sound to advertise the GOB sale; and (6) the use of sign-walkers and handbills. While the Motion addresses certain of these concerns, it does not address sign walkers or handbills, nor does it address the installation issues set forth above.
- ***Merchandise*** The Debtors should not be permitted to augment the inventory with new merchandise or merchandise from another of its stores. Landlord is particularly concerned with augmentation of the inventory with different categories of products, which may violate exclusivity provisions of other mall tenants.
- ***Rent and Lease Obligations*** The Debtors should pay all post-petition administrative rent and otherwise comply with the lease obligations. The Debtors should be responsible for maintaining insurance.
- ***Abandonment of Property*** The Debtors should not be permitted to abandon property within the leased premises after the GOB Sale, as currently contemplated by the Motion. If abandoned, the Debtors should pay the cost of removing that property as an administrative expense. Landlord should also be absolved of all responsibility to the Debtors or third parties for property left behind.
- ***Maintenance of Premises*** During the GOB Sale, the Debtors should be responsible for keeping the leased premises clean and maintained.

**JOINDER IN OBJECTIONS RAISED BY OTHER LANDLORDS
AND RESERVATION OF RIGHTS**

10. To the extent consistent with the objections expressed herein, Landlord also joins in the objections of other shopping center lessors to the Motion. Further, Landlord reserves all rights to make further and/or future objections.

WHEREFORE, for the foregoing reasons, Levin Management Corporation as agent for Ikea Properties, Inc. respectfully requests the relief set forth above, and such other and further relief as this Court deems just and proper.

Dated: March 22, 2016

**STARK & STARK
A Professional Corporation**

By: /s/ John R. Weaver, Jr.
John R. Weaver, Jr.

P.O. Box 510
203 W. 18th Street
Wilmington, Delaware 19899
(302) 428-1077 (main)
(302) 655-7371 (direct)
jrweaverlaw@verizon.net

and

Thomas S. Onder
Timothy P. Duggan
Joseph H. Lemkin
**STARK & STARK
A Professional Corporation**

993 Lenox Drive
Lawrenceville, NJ 08648
(609) 219-7458 (direct)
(609) 896-9060 (main)
(609) 895-7395 (facsimile)

Attorneys for Levin Management
Corporation as Agent for Ikea Properties,
Inc.

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Objection Date: March 22, 2016 at 4:00 p.m.

Hearing Date: March 29, 2016 at 1:00 p.m.

**CERTIFICATION OF SERVICE
OF LIMITED OBJECTION OF LEVIN MANAGEMENT CORPORATION AS AGENT
FOR IKEA PROPERTIES, INC. TO DEBTORS' EMERGENCY MOTION FOR
INTERIM AND FINAL ORDERS (A) AUTHORIZING THE DEBTORS TO ASSUME
THE CLOSING STORE AGREEMENT, (B) AUTHORIZING AND APPROVING STORE
CLOSING SALES FREE AND CLEAR OF ALL LIENS, CLAIMS AND
ENCUMBRANCES, (C) AUTHORIZING THE IMPLEMENTATION OF CUSTOMARY
EMPLOYEE BONUS PROGRAM AND PAYMENTS TO NON-INSIDERS
THEREUNDER, (D) APPROVING DISPUTE RESOLUTION PROCEDURES, AND (E)
APPROVING THE DEBTORS' STORE CLOSING PLAN**

John Weaver, Esquire hereby certifies that on the 22nd day of March, 2016, a true and correct copy of the Limited Objection of Levin Management Corporation as Agent for Ikea Properties, Inc., landlords/creditors (the "Landlord"), to the above-captioned debtors' (The "Debtors") Emergency Motion for Interim and Final Orders (A) Authorizing the Debtors' to Assume the Closing Store Agreement, (B) Authorizing and Approving Store Closing Sales Free and Clear of All Liens, Claims and Encumbrances, (C) Authorizing the Implementation of

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Customary Employee Bonus Program and Payments to Non-Insiders Thereunder, (D) Approving Dispute Resolution Procedures, and (E) Approving the Debtors' Store Closing Plan, was served upon the addressees listed on the attached service list in the manner indicated.

STARK & STARK
A Professional Corporation

Dated: March 22, 2016

By: /s/John R. Weaver, Jr.
John R. Weaver, Jr.

P.O. Box 510
203 W. 18th Street
Wilmington, Delaware 19899
(302) 428-1077 (main)
(302) 655-7371 (direct)
jrweaverlaw@verizon.net

and

Thomas S. Onder
Timothy P. Duggan
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STARK & STARK
A Professional Corporation

993 Lenox Drive
Lawrenceville, NJ 08648
(609) 219-7458 (direct)
(609) 896-9060 (main)
(609) 895-7395 (facsimile)

Attorneys for Levin Management
Corporation as Agent for Ikea Properties,
Inc.

VIA CMECF and Federal Express

Jeremy L. Graves
Gibson Dunn & Crutcher LLP
1801 California Street
Suite 4200
Denver, CO 80202-2642
Proposed Counsel for the Debtors

Sabina Jacobs and Robert Klyman
Gibson Dunn & Crutcher LLP
333 South Grand Avenue
Los Angeles, CA 90071-3197
Proposed Counsel for the Debtors

Andrew L. Magaziner and Michael R.
Nestor, Kenneth J. Enos
Young Conaway Stargatt & Taylor LLP
Rodney Square
1000 North King Street
Wilmington, DE 19801
Proposed Counsel for the Debtors

Keith R. Martorana and Matt J. Williams
Gibson Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166-0193
Proposed Counsel for the Debtors

Hannah Mufson McCollum
Office of the United States Trustee
U.S. Department of Justice
844 King Street, Suite 2207
Wilmington, DE 19801

Robert J. Feinstein
Pachulski Stang Ziehl & Jones LLP
780 Third Avenue, 36th Floor
New York, NY 10017-2024
Proposed Co-Counsel for the Official
Committee of Unsecured Creditors

Alan J. Kornfeld and Jeffrey N. Pomerantz
Pachulski Stang Ziehl & Jones LLP
10100 Santa Monica Blvd., 11th Floor/13th
Floor
Los Angeles, CA 90067
Proposed Co-Counsel for the Official
Committee of Unsecured Creditors

Bradford J. Sandler
Pachulski Stang Ziehl & Jones LLP
919 N. Market Street, 17th Floor
Wilmington, DE 19801
Proposed Co-Counsel for the Official
Committee of Unsecured Creditors