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## SkyMall Gets OK For Ch. 11 Auction Plan

By **Matt Chiappardi**

Law360, Wilmington (January 28, 2015, 9:36 PM ET) -- An Arizona bankruptcy judge gave the company behind the SkyMall in-flight shopping catalog the green light on Tuesday for a plan to auction itself as a going concern and approved a slew of first-day motions to keep the firm open while it goes through the marketing process.

At a hearing in Phoenix, U.S. Bankruptcy Judge Brenda K. Martin approved several motions for first-day relief filed by SkyMall LLC and parent Xhibit Corp. that debtors typically lodge at the beginning of Chapter 11 cases, including permission to pay employees and use bank accounts, as well as bid procedures for what could be an open auction to sell the quirky catalog company while it's still an operating business.

SkyMall attorney John A. Harris of [Quarles & Brady LLP](#) told Judge Martin that “time is important” for the company, which has seen its revenues falling rapidly over the past few years and is aiming for an auction date of March 24 if enough qualifying bids come in.

Harris added that SkyMall may elect to chose a stalking horse bidder, if such an offer is made, with the deadline to notify constituencies in the case about such a bid, and any potential bid protection, set for March 12.

The company already seems to have sparked interest from one of the firms whose products have graced the pages of the well-known catalog for years.

In a statement, SCOTTeVEST founder and CEO Scott Jordan said he has signed a nondisclosure agreement with the firm brokering the debtor's sale and has ideas to sharpen up the SkyMall brand. Idaho-based SCOTTeVEST makes multipocketed vests and jackets that often appear in the SkyMall catalog.

Nondisclosure agreements typically come along with an interest in bidding, and the statement says SCOTTeVEST has “begun the process to acquire and reimagine” SkyMall.

Jordan says he would completely revamp the brand, possibly by changing the name of the catalog,

strengthening its digital presence, and shifting away from the “kitschy” merchandise the company was known for.

“SkyMall pioneered a channel for consumer communication and built a unique marketplace for products not found in traditional stores,” Jordan said in the statement. “In keeping with these innovations, the successor to SkyMall will have a new, progressive and digitally oriented presence.”

An icon for frequent fliers since the early 1990s, SkyMall [filed for Chapter 11 protection](#) Jan. 23, listing roughly \$12 million in debt.

In court papers, CEO Scott Wiley said the company's downturn was attributable to the rise of wireless devices on passenger jets and the U.S. [Federal Aviation Administration](#)'s recent decision allowing cellphone use during takeoffs and landings, which have diverted consumers' attention from its seat-back catalogs.

The business generated \$33.7 million in revenue in 2013, but that fell to \$15.8 million for the first nine months of 2014. The fatal blows might have come late last year when [Delta Air Lines Inc.](#) and [Southwest Airlines Co.](#) decided within four months of each other not to carry SkyMall catalogs going forward, according to court records.

SkyMall is represented by John A. Harris, Robert P. Harris, Lori L. Winkelman and Jason D. Curry of Quarles & Brady LLP.

The case is In re: SkyMall LLC, f/k/a SkyMall Inc., case number 2:15-bk-00679, in the U.S. Bankruptcy Court for the District of Arizona.

--Additional reporting by Andrew Scurria. Editing by Kat Laskowski.



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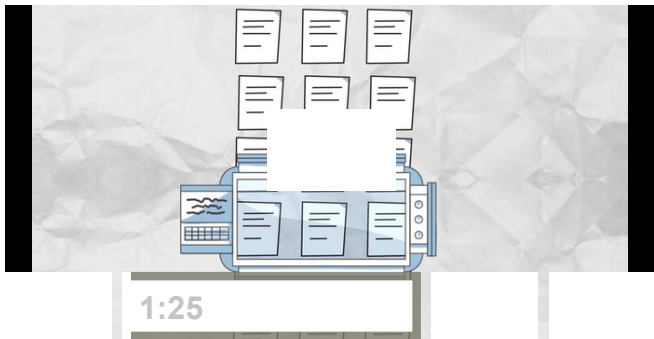
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