

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

In re:

SPORTS AUTHORITY HOLDINGS, INC., *et al.*,<sup>1</sup>

Debtors

Chapter 11

Case No. 16-10527 (MFW)

(Joint Administration Requested)

Ref. Docket Nos. 9, 106, 278, 549, and  
644

**LIMITED OBJECTION AND JOINDER OF J.J'S MAE, INC. D/B/A RAINBEAU TO  
OBJECTIONS OF ASICS AMERICA CORPORATION TO DEBTORS': (A) MOTION  
FOR INTERIM AND FINAL ORDERS RE CONSIGNED GOODS AND CONSIGNMENT  
VENDORS, AND (B) PROPOSED BID PROCEDURES ORDER AND NOTICE OF  
AUCTION AND SALE HEARING, AND RESERVATION OF RIGHTS**

J.J's Mae, Inc. d/b/a Rainbeau ("Rainbeau"), supplier of goods on a consignment basis to the above-captioned debtors ("Debtors"), by and through its undersigned counsel, makes the following limited objection and hereby concurs with and joins (this "Joinder"), for the reasons set forth therein unless otherwise noted, the *Objections of Asics America Corporation [Dkt. Nos. 549 and 644](the "Asics Objections")* to: (A) Debtors' Motion for Interim and Final Orders (A) *Authorizing the Debtors to (I) Continue to Sell Consigned Goods in the Ordinary Court of Business Free and Clear of All Liens, Claims and Encumbrances and (II) Grant Administrative Expense Priority to Consignment Vendors for Consigned Goods Delivered Postpetition; and (B) Grant Replacement Liens to Consignment Vendors with Perfected Security Interests in Consigned Goods and/or Remit the Consignment Sale Price Arising From Sale of Consigned Goods to Putative Consignment Vendors [Dkt. No. 9](the "Consignment Motion")*; and (B) Debtors'

<sup>1</sup> 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.



*Motion, pursuant to Sections 105, 363 and 365 of the Bankruptcy Code, Fed. R. Bankr. P. 2002, 6003, 6004, 6006, 9007, 9008 and 9014 and Del. Bankr. L.R. 2002-1, 6004-1 and 9006-1, for Entry of (A) an Order (I) Approving Bid Procedures in Connection with the Sale of Substantially all of the Debtors' Assets, (II) Scheduling an Auction for and Hearing to Approve Sale of Assets, (III) Approving Notice of Respective Date, Time and Place for Auction and for Hearing on Approval of Sale, (IV) Approving Procedures for the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (V) Approving Form and Manner of Notice Thereof, and (VI) Granting Related Relief; and (B) an Order Authorizing and Approving (I) the Sale of Substantially all of the Debtors' Assets Free and Clear of Liens, Claims, Rights, Encumbrances, and Other Interests, (II) the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (III) Related Relief" [Dkt. No. 106] (the "Sale Motion"). In support of this Limited Objection and Joinder, Rainbeau respectfully submits as follows:*

**BACKGROUND**

1. Rainbeau has delivered from time to time certain goods on a consignment basis (the "Consignment Property") to TSA Stores, Inc. ("TSA"),<sup>2</sup> pursuant to a Pay by Scan Consignment Management Program instituted by TSA (the "Pay by Scan Program").

2. The Consignment Property Rainbeau delivered to TSA was, and is, the property of Rainbeau, not property belonging to Debtors or these bankruptcy estates.

3. By way of example, TSA's "2014 Vendor Deal Sheet Summary Pay by Scan" executed by TSA and Rainbeau provides:

TSA and Vendor [Rainbeau] agree that the arrangement contemplated by this agreement shall be a consignment as defined in Section 9-102 of the Colorado and Delaware Uniform Commercial Codes. Vendor shall retain title to all goods subject to this

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<sup>2</sup> All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Consignment Motion, the Sale Motion, and/or the Asics Objections.

agreement until the date of sale at which time title shall pass from Vendor to the purchaser of such goods. Vendor shall be entitled to file UCC-1 Financing Statements to reflect this consignment.

4. On March 2, 2016, TSA filed a voluntary chapter 11 petition commencing the above-captioned bankruptcy cases. Following the filing of its bankruptcy petition, Debtors filed certain "first day" motions, including the Consignment Motion and the Sale Motion.

5. On March 11, 2015, this Court entered its Interim Order re Consigned Goods [Dkt. No. 278] setting March 22, 2016 as the deadline for consignment vendors such as Rainbeau to file objections to the Consignment Motion.

6. On or about March 15, 2016, the Debtors commenced an adversary proceeding against Rainbeau (the "Adversary Proceeding") by filing a complaint seeking, among other things, declaratory judgment that Debtors had a senior interest in the Consignment Property (the "Complaint"). Rainbeau intends to strongly defend against the adversary proceeding, and reserves the right to seek any and all claims, causes of action, and damages against Debtors arising out of or related to the Pay by Scan Program and/or the Complaint.

#### **LIMITED OBJECTION AND JOINDER TO THE ASICS OBJECTIONS**

7. Rainbeau hereby joins, and incorporates herein by reference, the Asics Objections, and adopts the arguments therein as its own to the extent not inconsistent with the statements made herein.<sup>3</sup> As such, Rainbeau objects to the Consignment Motion and the Sale Motion on a limited basis and requests that this Court modify the Interim Consignment Order and Bid Procedures Order and Notice of Auction and Sale Hearing to provide for the relief requested in this limited objection and in the Asics Objections.

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<sup>3</sup> For the present, Rainbeau joins each of Asics' arguments conditionally, and reserves the right to make different or additional arguments. Rainbeau does not join the Asics Objections to the extent any portion of them are inconsistent with anything stated herein. For example, it currently is unknown whether there was a pre-petition termination of the Pay by Scan Program between Rainbeau and TSA.

8. In particular, without any determination that the Consignment Property is property of Debtors' bankruptcy estates (which it is not), the relief sought in the Consignment Motion and the Sale Motion is inconsistent with the requirements of *In re Whitehall Jewelers Holdings, Inc.*, 2008 Bankr. LEXIS 2120 (Bankr. D. Del. July 28, 2008) and *SLW Capital, LLC v. Masaray-Ruffin*, 530 F.3d 230 (3d Cir. 2008). Under *Whitehall Jewelers* and *SLW Capital*, Debtors cannot sell the Consignment Property unless and until such a determination is made, and at this time, no such determination has been made.

**WHEREFORE**, Rainbeau joins the Asics Objections to the extent not inconsistent with the statements made herein, reserves all rights to assert further, different, and other objections to the Consignment Motion and the Sale Motion, and respectfully requests this Court to (i) modify the Bid Procedures Order and Notice of Auction and Sale Hearing to provide for the relief requested in the Asics Limited Objection, as modified herein, (ii) grant such further relief to Rainbeau as the Court deems appropriate under the circumstances.

Dated: March 22, 2016  
San Francisco, California

COBLENTZ, PATCH, DUFFY & BASS LLP

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(Local Counsel to be retained in accordance  
with Local Rule 9010-1(d))

**PROOF OF SERVICE**

**STATE OF CALIFORNIA, COUNTY OF SAN FRANCISCO**

At the time of service, I was over 18 years of age and **not a party to this action**. I am employed in the County of San Francisco, State of California. My business address is One Ferry Building, Suite 200, San Francisco, California 94111-4213.

On March 22, 2016, I served true copies of the following document(s) described as

**LIMITED OBJECTION AND JOINDER OF J.J'S MAE, INC. D/B/A RAINBEAU TO OBJECTIONS OF ASICS AMERICA CORPORATION TO DEBTORS': (A) MOTION FOR INTERIM AND FINAL ORDERS RE CONSIGNED GOODS AND CONSIGNMENT VENDORS, AND (B) PROPOSED BID PROCEDURES ORDER AND NOTICE OF AUCTION AND SALE HEARING, AND RESERVATION OF RIGHTS**

on the interested parties in this action as follows:

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**BY MAIL:** I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed in the Service List and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with Coblentz, Patch, Duffy & Bass LLP's practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on March 22, 2016, at San Francisco, California.

/s/ Mark Allen  
Mark Allen