

# Sports Authority files for Chapter 11 Wednesday, plans to shutter 140 stores – 7 in Arizona



The bankruptcy of Sports Authority has been looming since January, when the company disclosed that it had missed a \$20 million debt payment.

The store closings will take place over the next three months. The bankruptcy filing will allow it to break leases for money-losing stores. As part of the restructuring, the Company has identified approximately 140-171 stores, including seven in Arizona and two distribution centers, in Denver and Chicago, that it intends to close or sell in the coming months.

The company has arranged to borrow up to \$595 million to fund its operations while in bankruptcy. But to pay off that loan and come out of bankruptcy, it likely will have to find a buyer for the remaining stores.

When the company was bought by a hedge fund 10 years ago, it was the largest sporting goods retailer. But it has struggled with the debt load associated with a leveraged buyout a decade ago. It has been overtaken by Dick's Sporting Goods, which has grown by providing a more high end shopping experience.

It has been an interesting ride for Sports Authority since it was acquired in 2006 by private equity firm Leonard Green & Partners for \$1.3 billion. As the realities of the retail sector fluctuate, bricks-and-mortar legacy chains such as Sports Authority have the choice of adapting or dying off.

Today, there are reports that the company is considering selling stores and assets to Dick's Sporting Goods, according to a Reuters report.

The company has 14,500 full- and part-time employees at its 450 stores and its offices, according to the bankruptcy filing. Nearly two-thirds of those workers are part-time. It also disclosed more than \$1 billion in liabilities and assets valued between \$500,000 and \$1 billion.

Sports Authority is just the latest retail giant to fall on hard times as more and more shopping moves online.

Sports Authority spends \$6 million a year to have its name on the stadium that is home to the Denver Broncos, which just won the Super Bowl. Whether that 25-year naming rights deal will continue under the bankruptcy is unclear.

"This was a tough decision to make, but we believe it was a necessary step in our plan to make Sports Authority an even better partner for our customers," said CEO Michael Foss. To read [full message from CEO click here](#).

To see [Sports Authority closure list](#). The attached list shows 171 store closures. The official number coming from Sports Authority to the public is 140 store closures.

A&G Realty Partners of Chicago has been commissioned to auction 87 stores leases. To see their [Marketing Brochure click here](#). We were told an auction for the real estate will likely take place on or about the middle of April. Bids are currently being accepted.