IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SPORTCO HOLDINGS, INC., *et al.*,[1]	)	Case No. 19-11299 (LSS)
Debtors.	)	Jointly Administered.

DEBTORS' APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING EMPLOYMENT AND RETENTION OF BMC GROUP, INC. AS ADMINISTRATIVE ADVISOR *NUNC PRO TUNC* TO THE PETITION DATE

SportCo Holdings, Inc. and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors") in the above-captioned chapter 11 cases (these "Chapter 11 Cases"), hereby submit this application (the "Application"), for entry of an order (the "Retention Order"), in substantially the form attached hereto as **Exhibit A**, authorizing the Debtors to retain and employ BMC Group, Inc. ("BMC"), as administrative advisor (the "Administrative Advisor") in these Chapter 11 Cases, effective *nunc pro tunc* to the Petition Date (as defined below). The terms of BMC's retention are set forth in the engagement agreement, effective as of February 7, 2019, between BMC and the Debtors (the "Engagement Agreement").[2] In the event there is any inconsistency between the Application, the Retention Order, and the Engagement Agreement, the Debtors respectfully request that the Retention Order govern. In support of this Application, the Debtors submit the *Declaration of Tinamarie Feil* (the "Feil Declaration"), attached hereto as **Exhibit C** and incorporated herein by reference, and respectfully state as follows:

[1] The Debtors, together with the last four digits of each Debtor's federal tax identification number, are: Bonitz Brothers, Inc. (4441); Ellett Brothers, LLC (7069); Evans Sports, Inc. (2654); Jerry's Sports, Inc. (4289); Outdoor Sports Headquarters, Inc. (4548); Quality Boxes, Inc. (0287); Simmons Guns Specialties, Inc. (4364); SportCo Holdings, Inc. (0355); and United Sporting Companies, Inc. (5758). The location of the Debtors' corporate headquarters and the service address for all Debtors is 267 Columbia Ave. Chapin, SC, 29036.

[2] The Engagement Agreement is attached hereto as **Exhibit B**.

JURISDICTION

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are section 327(a) of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2014(a) and 2016(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), Local Rules 2014-1 and 2016-2.

4. Pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final judgment or order with respect to this Application if it is determined that the Court would lack Article III jurisdiction to enter such final order or judgment absent consent of the parties.

BACKGROUND

5. On June 10, 2019 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court. These Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1.

6. The Debtors continue to operate their business and manage their properties as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

7. On June 17, 2019, an Official Committee of Unsecured Creditors (the "Unsecured Creditors' Committee") was appointed by the United States Trustee. *See Notice of Appointment of Creditors' Committee* [Docket No. 58]. No trustee, examiner, or other official committee has been appointed in these Chapter 11 Cases.

8. The factual background regarding the Debtors, including a description of the Debtors' business, capital structure, and the circumstances leading to these Chapter 11 Cases are

set forth in the *Declaration of Bradley P. Johnson In Support of Debtors' Chapter 11 Petitions and First-Day Motions* [Docket No. 9], which is incorporated herein by reference.

RELIEF REQUESTED

9. On the Petition Date, the Debtors filed the *Debtors' Application for Appointment of BMC Group, Inc. as Claims and Noticing Agent Effective as of the Petition Date* [Docket No. 3] (the "Section 156(c) Application"), which application was granted on June 11, 2019 [Docket No. 40]. The Debtors believe that administration of these chapter 11 cases will require BMC to perform duties outside the scope requested in the Section 156(c) Application. Accordingly, the Debtors seek the relief requested herein to enable BMC to provide services outside the scope of the order approving the Section 156(c) Application.

10. By this Application, the Debtors respectfully request entry of an order, substantially in the form attached hereto as **Exhibit A**, pursuant to Bankruptcy Code section 327(a), Bankruptcy Rules 2014(a) and 2016(a), and Local Rules 2014-1 and 2016-2, authorizing the employment and retention of BMC Group, Inc. ("BMC") as the Administrative Advisor for the Debtors in these chapter 11 cases *nunc pro tunc* to the Petition Date, in accordance with the terms and conditions of the Engagement Agreement.

BASIS FOR RELIEF REQUESTED

I. Facts Specific to Relief Requested

A. BMC's Qualifications

11. BMC is comprised of leading industry professionals with significant experience in both the legal and administrative aspects of large, complex chapter 11 cases. BMC's professionals have experience in noticing, claims administration, solicitation, balloting, and facilitating other administrative aspects of chapter 11 cases, including in matters of this size and complexity. BMC's professionals have acted as official administrative advisor in many large bankruptcy cases

in this district and in other districts nationwide. BMC's recent cases in this and other districts include: *In re JRV Group USA L.P.,* 19-11095 (CS) (Bankr. D. Del. 2019); *In re Kiko USA, Inc.,* 18-10069 (MW) (Bankr. D. Del. 2018); *In re Venoco, Inc.*, No. 16-10655 (KG) (Bankr. D. Del. 2016); *In re Restaurants Acquisition I, LLC,* No.15-12406 (KG) (Bankr. D. Del. 2015); *In re F-Squared Investment Management, LLC*, No. 15-11469 (LSS); *In re RAAM Global Energy Corporation*, No. 15-35615 (Bankr. S.D. Tex. Dec. 7, 2015); *In re Atari, Inc.*, No. 13-10176 (JMP) (Bankr. S.D.N.Y. Feb. 15, 2013); *In re CCHG Liquidating Co.*, 12-01220 (JW) (Bankr. D.S.C. 2012); and *In re Jennifer Convertibles, Inc.*, No. 10-13779 (ALG) (Bankr. S.D.N.Y. July 22, 2010).

B. Services to be Provided

12. The Application pertains only to the work to be performed by BMC permitted by Bankruptcy Code section 327(a), Bankruptcy Rules 2014(a) and 2016(a), and Local Rules 2014-1 and 2016-2. By this Application, the Debtors seek to retain BMC as their Administrative Advisor, consistent with the Engagement Agreement, to provide, to the extent requested by the Debtors, bankruptcy administration services, as well as all quality control relating thereto, in each case if and to the extent requested, including:

(a) Assist with, among other things, solicitation, balloting and tabulation of votes, prepare any related reports, as required in support of confirmation of a chapter 11 plan, and in connection with such services, process requests for documents from parties in interest, including, if applicable, brokerage firms, bank back-offices and institutional holders;

(b) Prepare an official ballot certification and, if necessary, testify in support of the ballot tabulation results;

(c) Assist with the preparation of the Debtors' schedules of assets and liabilities and statements of financial affairs and gather data in conjunction therewith;

(d) Provide a confidential data room, if requested;

(e) Manage and coordinate any distributions pursuant to a chapter 11 plan; and

(f) Provide such other processing, solicitation, balloting and other administrative services described in the Engagement Agreement, but not included in the Section 156(c) Application, as may be requested from time to time by the Debtors, the Court or the Office of the Clerk of the United States Bankruptcy Court for the District of Delaware (the "Clerk").

C. Professional Compensation

13. The fees BMC will charge in connection with providing services to the Debtors are set forth in the Engagement Agreement. The Debtors respectfully submit that BMC's rates are competitive and comparable to the rates its competitors charge for similar services. Indeed, the Debtors conducted a review and competitive comparison of other firms and reviewed the rates of other firms before selecting BMC as Administrative Advisor. The Debtors believe BMC's rates are more than reasonable given the quality of BMC's services and its professionals' bankruptcy expertise. Additionally, BMC will seek reimbursement from the Debtors for reasonable expenses in accordance with the terms of the Engagement Agreement. BMC intends to apply to the Court for allowance of compensation and reimbursement of expenses incurred after the Petition Date in connection with the services it provides as Administrative Advisor pursuant to the Engagement Agreement. BMC will comply with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and any orders entered in these chapter 11 cases regarding professional compensation and reimbursement of expenses. Additionally, under the terms of the Engagement Agreement, the Debtors have agreed to indemnify, defend and hold harmless BMC and its members, officers, employees, representatives and agents under certain circumstances specified in the Engagement Agreement, except in circumstances resulting solely from BMC's gross negligence or willful misconduct or as otherwise provided in the Engagement Agreement.

The Debtors believe that such an indemnification obligation is customary, reasonable, and necessary to retain the services of an Administrative Advisor in these chapter 11 cases.

14. Prior to the Petition Date, the Debtors provided BMC with a $20,000 retainer. BMC seeks to hold any amounts in the retainer under the Engagement Agreement as of the Petition Date during these Chapter 11 Cases as security for the payment of fees and expenses incurred under the Engagement Agreement.

D. Representation of Disinterestedness

15. BMC has reviewed its electronic database to determine whether it has any relationships with the Debtors' creditors and other parties in interest identified by the Debtors. To the best of the Debtors' knowledge, information, and belief, and except as disclosed in the Feil Declaration, BMC is a "disinterested person" within the meaning of Bankruptcy Code section 101(14), as required by Bankruptcy Code section 327(a), and does not hold or represent any interest materially adverse to the Debtors' estates in connection with any matter on which it would be employed.

16. BMC believes that it does not have any relationships with creditors or parties in interest that would present a disqualifying conflict of interest. BMC will supplement its disclosure to the Court if any facts or circumstances are discovered that would require such additional disclosure. BMC will supplement its disclosure to the Court if any facts or circumstances are discovered that would require additional disclosure.

II. LEGAL BASIS FOR RELIEF REQUESTED

A. Retention and Employment of BMC as Administrative Advisor is Appropriate Pursuant to 28 U.S.C. Section 327(a), Rule 2014(a) and 2016(a), and Local Rules 2014-1 and 2016-2

17. The authority to employ the services of an administrative advisor is found in Bankruptcy Code section 327(a) provides that a debtor, subject to Court approval:

> [M]ay employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the [debtor] in carrying out the [debtor]'s duties under this title.

11 U.S.C. § 327(a).

18. Bankruptcy Rule 2014(a) requires that an application for retention include:

> [S]pecific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the [firm's] connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

Fed. R. Bankr. P. 2014.

19. The Debtors anticipate that these Chapter 11 Cases will require a large number of entities to be noticed. In view of that large number and the complexity of the Debtors' businesses, the Debtors submit that the employment and retention of BMC pursuant to the terms and conditions of the Engagement Agreement is necessary and in the best interests of the Debtors' estates and creditors.

20. To help manage administrative tasks with respect to the hundreds of creditors and other parties in interest that are expected to be involved in the Debtors' chapter 11 cases, and the complexity of such cases, the Debtors respectfully request the Court enter an order Appointing BMC as the Administrative Advisor in these chapter 11 cases pursuant to Bankruptcy Code section 327(a), Bankruptcy Rules 2014 and 2016 and Local Rules 2014-1 and 2016-1.

NOTICE

21. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) proposed counsel to the Unsecured Creditors' Committee (c) counsel to the DIP Agent; (d) counsel to the Prepetition Agents; and (e) any party that has notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, under the circumstances, no other or further notice is required.

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested and any other relief as is just and proper.

Dated: July 16, 2019

/s/ Dalton Edgecomb
Dalton Edgecomb
Chief Restructuring Officer
SportCo Holdings, Inc.