

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

In re:

SPORTCO HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 19-11299 (LSS)
(Jointly Administered)

Re: Docket No. 364

**ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT OF
DIXON HUGHES GOODMAN LLP AS ACCOUNTANT AND AUDITOR TO
THE DEBTORS PURSUANT TO SECTIONS 327(a), 328(a), AND 330 OF
THE BANKRUPTCY CODE, BANKRUPTCY RULES 2014(a) AND 2016, AND
LOCAL RULES 2014-1 AND 2016-2 NUNC PRO TUNC TO JULY 15, 2019**

Upon the application (the “**Application**”)² of the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) for entry of an order (this “**Order**”), pursuant to sections 327(a), 328(a) and 330 of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 2016, and Local Rules 2014-1 and 2016-2, authorizing the Debtors to employ and retain Dixon Hughes Goodman LLP (“**DHG**”) as accountant and auditor for the Debtors on the terms set forth in the Engagement Letters annexed hereto as **Exhibit 1**; and upon the Elliott Declaration annexed to the Application as **Exhibit B**; all as more fully set forth in the Application; and this Court having jurisdiction over this matter 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 February 29, 2012; and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the

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 Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Application.

Application in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Application is in the best interests of Debtors' estates, its creditors, and other parties in interest; and this Court having found that Debtors' notice of the Application and opportunity for a hearing on the Application were appropriate and no other notice need be provided; and this Court having reviewed the Application; and this Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Application is APPROVED as set forth herein.
2. The Debtors are hereby authorized to retain DHG as accountant and auditor, *nunc pro tunc* to July 15, 2019 on the terms set forth in the Engagement Letters, as modified by this Order.
3. The Debtors are hereby authorized to pay DHG a retainer in the amount of \$26,000 to be held by DHG and applied against approved fees and expenses following the approval of DHG's final fee application submitted in accordance with this Order.
4. With respect to the Services, the terms of the Engagement Letters are reasonable terms and conditions of employment and are hereby approved pursuant to section 328(a) of the Bankruptcy Code. The fees for the Tax Return Services and 401(k) Audit Services shall be subject to the standard of review set forth in section 328(a) of the Bankruptcy Code; *provided, however*, that notwithstanding anything set forth in this Order or the record relating to this Court's consideration of the Application, the U.S. Trustee shall be entitled to review, respond and object to DHG's final application for the fees for the Services on all grounds, including reasonableness pursuant to section 330 of the Bankruptcy Code, and the Court retains

jurisdiction to consider the U.S. Trustee's response or objection to DHG's final application for the fees for the Services on all grounds, including reasonableness pursuant to section 330 of the Bankruptcy Code.

5. With respect to the Tax Consulting Services and Other Plan Services, DHG shall file fee applications and be compensated in accordance with sections 330 and 331 of the Bankruptcy Code, applicable Bankruptcy Rules, the Local Rules, this Order and any other applicable orders of this Court; *provided, however*, that the requirements of the Bankruptcy Code, the Bankruptcy Rules, and Local Rule 2016-1 are hereby modified such that DHG shall not be required to keep contemporaneous time records of the services performed in one-tenth (0.1) hour increments and by project category, but instead DHG shall provide, as an exhibit to each fee application that DHG files in these chapter 11 cases: (a) a narrative describing in summary detail the services rendered; (b) time records maintained in one-half (0.5) hour increments for the flat fee services; and (c) time records maintained in one-tenth (0.1) hour increments for the Tax Consulting and Other Plan Services.

6. The terms of the Engagement Letters with respect to the Services shall be subject to the standard of review set forth in section 330 of the Bankruptcy Code by all interested parties.

7. The indemnification, contribution, and reimbursement provisions for the Tax Services set forth in the Engagement Letters are approved, provided that, during the pendency of the Debtors' chapter 11 cases, the following limitations shall apply:

- a. Subject to the provisions of subparagraphs (b) and (c), *infra*, the Debtors are authorized to indemnify, and to provide contribution and reimbursement to, and shall indemnify, and provide contribution and reimbursement to, DHG in accordance with the Engagement Letters for any claim arising from, related to, or in connection with the Tax Services provided for in the Engagement Letters;
- b. Notwithstanding subparagraph (a) above or any provisions of Engagement Letters to the contrary, the Debtors shall have no obligation to indemnify DHG or provide contribution or reimbursement to DHG (i) for any claim or expense that is

judicially determined (the determination having become final and no longer subject to appeal) to have arisen from DHG's bad faith, self-dealing, breach of fiduciary duty (if any), willful misconduct, or gross negligence; (ii) for a contractual dispute in which the Debtors allege the breach of DHG's contractual obligations unless this Court determines that indemnification, contribution, or reimbursement would be permissible pursuant to *In re United Artists Theatre Company*, 315 F.3d 217 (3d Cir. 2003); or (iii) for any claim or expense that is settled prior to a judicial determination as to the exclusions set forth in clauses (i) and (ii) above, but determined by this Court, after notice and a hearing pursuant to subparagraph (c), *infra*, to be a claim or expense for which DHG should not receive indemnity, contribution or reimbursement under the terms of the Engagement Letters, as modified by this Order;

- c. If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these cases (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing these chapter 11 cases, DHG believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution, and/or reimbursement obligations under the Engagement Letters, as modified by this Order, including without limitation the advancement of defense costs, DHG must file an application therefor in this Court, and the Debtors may not pay any such amounts to DHG before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time during which this Court shall have jurisdiction over any request by DHG for indemnification, contribution, and/or reimbursement and is not a provision limiting the duration of the Debtors' obligation to indemnify; and
- d. All parties in interest shall retain the right to object to any demand by DHG for indemnification, contribution or reimbursement.

8. Any limitation of liability provisions contained in the Engagement Letters shall have no force and effect during the pendency of these Chapter 11 Cases.

9. Prior to any increases in DHG's rates, DHG shall file a supplemental affidavit with the Court and provide ten business days' notice to the Debtors, the United States Trustee and any official committee. The supplemental affidavit shall explain the basis for the requested rate increases in accordance with Section 330(a)(3)(F) of the Bankruptcy Code and state whether the Debtors have consented to the rate increase. The United States Trustee retains all rights to object to any rate increase on all grounds including, but not limited to, the reasonableness

standard provided for in section 330 of the Bankruptcy Code and all rates and rate increases are subject to review by the Court.

10. To the extent informed by the Debtors, DHG shall use its best efforts to avoid any duplication of services provided by any of the Debtors' other retained professionals in these chapter 11 cases.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

12. To the extent there is inconsistency between the terms of the Engagement Letters, the Application, and this Order, the terms of this Order shall govern.

13. Notice of the Application satisfies the requirements of Bankruptcy Rule 6004(a).

14. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Application.

15. The Bankruptcy Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: September 26th, 2019
Wilmington, Delaware



LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE