

**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)

Objection Deadline: October 24, 2019 at 4:00 p.m. (ET)
Hearing: Only if objections are filed

**THIRD MONTHLY APPLICATION OF LOWENSTEIN SANDLER LLP
AS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED FOR THE PERIOD
FROM AUGUST 1, 2019 THROUGH AUGUST 31, 2019**

Name of Applicant:

Lowenstein Sandler LLP

**Authorized to provide
professional services to:**

The Official Committee of Unsecured Creditors

Date of Retention:

August 1, 2019 effective as of June 17, 2019

**Period for which compensation
and reimbursement is sought:**

August 1, 2019 through August 31, 2019

**Amount of Compensation sought
as actual, reasonable and necessary:**

\$182,611.80 (80% of \$228,264.75²)

**Amount of Expense Reimbursement
sought as actual, reasonable and
necessary:**

\$11,341.16

This is a(n): Monthly Interim Final application

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 This amount reflects a 10% fee discount in the amount of \$25,362.75.

PRIOR APPLICATION HISTORY

Application	Date Filed	Period Covered	Requested		Monthly Statements		Certificate of No Objection / Signed Order
			Fees 100%	Expenses	Fees 80%	Expenses	
1 st Monthly	8/2/19	6/17/19 – 6/30/19	\$114,641.77	\$889.13	\$91,713.42	\$889.13	8/28/19 D.I. 328
2 nd Monthly	9/3/19	7/1/19 – 7/31/19	\$267,297.30	\$4,921.30	\$182,611.80	\$4,921.30	9/26/19 D.I. 340

SUMMARY OF PROFESSIONALS AND PARAPROFESSIONALS RENDERING SERVICES FROM AUGUST 1, 2019 THROUGH AUGUST 31, 2019

Name of Professional	Year Admitted	Title/Department	Hours Spent	Hourly Rate	Charge
Citron, Lowell A.	1994	Partner/Corporate / Tax	6.50	\$1,070.00	\$6,955.00
Cohen, Jeffrey	2000	Partner/Bankruptcy	35.50	\$955.00	\$33,902.50
Chafetz, Eric S.	2004	Counsel/Bankruptcy	60.00	\$720.00	\$43,200.00
*Chafetz, Eric S. - Travel Time	2004	Counsel/Bankruptcy	11.80	\$360.00	\$4,248.00
Kaplan, Michael A.	2011	Counsel/Litigation	61.00	\$620.00	\$37,820.00
*Kaplan, Michael A. - Travel Time	2011	Counsel/Litigation	5.80	\$310.00	\$1,798.00
Chahil, Rasmeet K.	2017	Associate/Litigation	38.60	\$460.00	\$17,756.00
*Chahil, Rasmeet K. - Travel Time	2017	Associate/Litigation	5.00	\$230.00	\$1,150.00
MacDonald, Myles R.	2015	Associate/Bankruptcy	87.30	\$490.00	\$42,777.00
Olivera, Gabriel L.	2012	Associate/Bankruptcy	81.30	\$550.00	\$44,715.00
Schneider, John P.	2011	Associate/Bankruptcy	12.40	\$525.00	\$6,510.00
Thomas, C. Patrick	2018	Associate/Litigation	20.50	\$420.00	\$8,610.00
Claussen, Diane	N/A	Paralegal/Bankruptcy	6.80	\$270.00	\$1,836.00
Jara, Gabriel	N/A	Paralegal/Practice Support	1.50	\$270.00	\$405.00
Lawler, Elizabeth B.	N/A	Paralegal/Bankruptcy	5.20	\$250.00	\$1,300.00
Pagano, Jamie J.	N/A	Paralegal/Practice Support	0.60	\$300.00	\$180.00
Power, Megan	N/A	Paralegal/Corporate / Tax	1.50	\$310.00	\$465.00
TOTAL FEES (minus discount)			441.30		\$253,627.50 -25,362.75 \$228,264.75
Attorney Blended Rate					\$585.96

**SUMMARY OF COMPENSATION BY PROJECT CATEGORY FOR THE PERIOD OF
AUGUST 1, 2019 THROUGH AUGUST 31, 2019**

Task	Task Description	Hours	Fees
B110	Case Administration	2.50	\$905.00
B120	Asset Analysis and Recovery	137.60	\$73,795.00
B120A	Investigation of Prepetition Lenders	31.40	\$20,146.00
B130	Asset Disposition	1.30	\$868.00
B140	Relief from Stay/Adequate Protection Proceedings	4.60	\$2,884.00
B150	Meetings of and Communication with Creditors	20.60	\$11,982.50
B160	Fee/Employment Applications	12.20	\$5,742.00
B165	Employment and Retention Applications - Others	0.80	\$390.00
B175	Fee Applications and Invoices - Others	2.60	\$883.00
B185	Assumption/Rejection of Leases and Contracts	1.40	\$804.00
B190	Other Contested Matters (excluding assumption/rejection motions)	6.40	\$3,570.00
B195	Non-Working Travel	22.60	\$7,196.00
B210	Business Operations	1.50	\$859.00
B230	Financing/Cash Collateral	46.10	\$29,218.00
B310	Claims Administration and Objections	3.60	\$2,061.00
B320	Plan and Disclosure Statement (including Business Plan)	107.10	\$70,042.00
B430A	Court Hearings	33.00	\$18,914.00
B440	Schedules and Statements	2.70	\$1,536.00
B460	Other - Insurance Matters	3.30	\$1,832.00
			\$253,627.50
			<u>-25,362.75</u>
	Total (minus discount)	441.30	\$228,264.75

**EXPENSE SUMMARY FOR THE PERIOD OF
AUGUST 1, 2019 THROUGH AUGUST 31, 2019**

Computerized legal research	\$8,693.80
Telecommunications	\$163.14
Travel	\$2,301.48
Meals	\$182.74
Total Disbursements	\$11,341.16

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Debtors.

Chapter 11

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**THIRD MONTHLY APPLICATION OF LOWENSTEIN SANDLER LLP
AS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED FOR THE PERIOD
FROM AUGUST 1, 2019 THROUGH AUGUST 31, 2019**

TO: THE HONORABLE LAURIE SELBER SILVERSTEIN,
UNITED STATES BANKRUPTCY JUDGE:

Pursuant to 11 U.S.C. §§ 330 and 331, Rule 2017 of the Federal Rules of Bankruptcy Procedure and the Interim Compensation Order (defined below), Lowenstein Sandler LLP (“Lowenstein Sandler”), as counsel to the Official Committee of Unsecured Creditors (the “Committee”), appointed in the chapter 11 cases of SportCo Holdings, Inc., *et al.*, the above captioned debtors and debtors-in-possession (collectively, the “Debtors”), submits its third monthly application (the “Application”) for allowance of compensation and reimbursement of expenses for the period of August 1, 2019 through August 31, 2019 (the “Fee Period”). By this Application, Lowenstein Sandler seeks a monthly allowance of compensation in the amount of \$228,264.75². Lowenstein Sandler seeks payment of \$182,611.80 (80% of the allowed fees) for the Fee Period upon filing a certificate of no objection and/or resolution of any objections. Lowenstein

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 This amount reflects a 10% fee discount in the amount of \$25,362.75.

Sandler also seeks expense reimbursement in the amount of \$11,341.16. In support of this Application, Lowenstein Sandler respectfully states as follows:

BACKGROUND

1. On June 10, 2019 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief (the “Chapter 11 Cases”) under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware.

2. The Debtors continue to operate their businesses and manage their property as Debtors-In-Possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee has been appointed in these Chapter 11 Cases.

3. On June 17, 2019, the Office of the United States Trustee appointed the Committee pursuant to section 1102(a)(1) of the Bankruptcy Code. [Docket No. 58].

4. That same day, the Committee selected Lowenstein Sandler to serve as its lead counsel, Morris James LLP to serve as its Delaware counsel and Emerald Capital Advisors to serve as its financial advisor.

5. On July 15, 2019, the Court entered the *Order Authorizing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* (the “Interim Compensation Order”) [Docket No. 141].

6. On August 1, 2019, the Court entered the *Order Authorizing and Approving the Employment and Retention of Lowenstein Sandler LLP as Counsel to the Official Committee of Unsecured Creditors effective as of June 17, 2019* (“Retention Order”) [Docket No. 218]. The Retention Order authorizes Lowenstein Sandler to be compensated in accordance with the procedures set forth in 11 U.S.C. §§ 330 and 331, the applicable Federal Rules of Bankruptcy Procedure, the rules of this Court and any Order entered by this Court with respect to the compensation of professionals, including the Interim Compensation Order.

7. Through the Application, Lowenstein Sandler seeks allowance of compensation for professional services rendered for and on behalf of the Committee during the Fee Period. A detailed description of services rendered during the Fee Period is annexed hereto as **Exhibit A**. A schedule of disbursements incurred during the Fee Period is annexed hereto as **Exhibit B**.

8. During the Fee Period, Lowenstein Sandler spent significant time attending to the Debtors' proposed DIP Financing/use of cash collateral, the Committee's going-concern sale process, and the Debtors' liquidation efforts, including, but not limited to: (a) conferring with the Committee's financial advisor regarding the Debtors' DIP financing/cash collateral and sale processes; (b) reviewing and analyzing the Debtors' wind down budget; (c) negotiating with counsel to the Debtors and counsel to the secured lenders regarding DIP financing and cash collateral use; (d) reviewing and revising the Committee's DIP objection; (e) reviewing and analyzing offers related to the sale of the Debtors' distribution facility in Bellefontaine, Ohio; and (f) reviewing and analyzing the asset purchase agreement related to the sale of the assets of Evans Sports, Inc.

9. In addition, Lowenstein Sandler continued to spearhead the Committee's investigation into the acts, conduct, assets, liabilities and financial condition of the Debtors, the operation of the Debtors' businesses and potential estate claims and causes of action against various parties including but not limited to, the Debtors' secured lenders and equity holders. The Committee's investigation included: (a) extensive document review and production, including revising search terms and addressing document preservation issues; (b) reviewing Wellspring's motion to extend the challenge deadline and preparing an objection thereto; (c) reviewing, analyzing and replying to the Debtors' objection to the Committee's Rule 2004 motion; (d) reviewing, analyzing and replying to Wellspring's objection to the Committee's Rule 2004

motion; (e) responding to document requests directed to the Committee; and (g) preparing a lien review memorandum.

10. Further, Lowenstein Sandler attended to issues in connection with the Debtors' plan of liquidation, including: (a) conferring with counsel to Prospect regarding the plan structure; (b) reviewing and revising the plan term sheet; (c) reviewing and commenting on a draft plan support agreement; (d) reviewing, analyzing and revising the combined plan and disclosure statement; (e) engaging in plan negotiations with various parties; (f) researching good faith requirements related to plan confirmation and the settlement of certain claims; and (g) liquidation trust negotiations.

11. Finally, Lowenstein Sandler (a) reviewed and analyzed the Wellspring defendants' stay relief motion and court order with respect to same; (b) addressed issues with a reclamation claim settlement; (c) reviewed and analyzed the Debtors' monthly operating report; (d) attended to various bar date issues; (e) reviewed and analyzed the Debtors' application to retain a real estate broker; (f) prepared its monthly fee statement and reviewed monthly fee statements filed by the Debtors' professionals; (g) prepared for and attended hearings on behalf of the Committee; (h) attended to insurance issues; and (i) communicated with the members of the Committee, by telephone and e-mail, to discuss the Debtors' business operations, chapter 11 strategies, and all of the above matters. Lowenstein Sandler has rendered professional services as counsel to the Committee as requested and as necessary and appropriate in furtherance of the Committee's duties and functions in these Chapter 11 Cases.

12. Annexed hereto as **Exhibit C**, and made part hereof, is a Certification of Jeffrey Cohen, Esq., a partner of Lowenstein Sandler, submitted pursuant to section 504 of the Bankruptcy Code.

SUMMARY OF SERVICES BY PROJECT CATEGORY

13. The services rendered by Lowenstein Sandler during the Fee Period are grouped into the categories set forth in **Exhibit A**. The attorneys and paralegals that rendered services relating to each category, along with the number of hours for each individual and the total compensation sought for each category, are listed in the attachments hereto.

DISBURSEMENTS

14. Lowenstein Sandler incurred reasonable and necessary out-of-pocket expenses in the sum of \$11,341.16 in connection with rendering legal services to the Committee during the Fee Period. A description of the expenses is set forth in **Exhibit B**. The disbursements are itemized in the annexed schedule. These disbursements were necessary to effectively render legal services in these Chapter 11 Cases.

15. During the course of these Chapter 11 Cases, Lowenstein Sandler has incurred and paid its actual and necessary disbursements and expenses.

VALUATION OF SERVICES & RELIEF REQUESTED

16. Attorneys and paraprofessionals employed by Lowenstein Sandler have expended a total of 441.30 hours in connection with this matter during the Fee Period detailed below.

17. The nature of the work performed by these persons is fully set forth in the detail attached hereto as **Exhibit A**. The hourly rates set forth above are Lowenstein Sandler's current hourly rates for work of this nature. The reasonable value of the services rendered by Lowenstein Sandler for the Fee Period as counsel to the Committee is \$228,264.75.

18. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount requested is fair and reasonable given: (a) the complexity of these Chapter 11 Cases,

(b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the cost of comparable services other than in a case under this title.

19. This is Lowenstein Sandler's third monthly application pursuant to the Interim Compensation Order that was entered on July 15, 2019. Lowenstein Sandler has received no payment and no promises for payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with these Chapter 11 Cases, and there is no agreement or understanding between Lowenstein Sandler and any other person, other than members of Lowenstein Sandler, for the sharing of compensation to be received for services rendered in these Chapter 11 Cases. No prior application has been made to this or any other Court for this Fee Period or for the allowance of fees and disbursements sought herein.

20. This Application covers the period of August 1, 2019 through August 31, 2019. Lowenstein Sandler has and will continue to perform additional necessary services subsequent to August 31, 2019, for which Lowenstein Sandler will file subsequent fee applications.

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WHEREFORE, Lowenstein Sandler respectfully requests the Court grant the Application and allow Lowenstein Sandler's monthly fees in the amount of \$228,264.75, less a twenty percent (20%) holdback in the amount of \$45,652.95, for a total fee request in the amount of \$182,611.80, for professional services rendered to and on behalf of the Committee during the Fee Period, plus reimbursement of its actual, reasonable, and necessary expenses incurred in connection with services rendered during the Fee Period in the sum of \$11,341.16, and that it be granted such other and further relief as the Court may deem just and proper.

Dated: October 3, 2019

MORRIS JAMES LLP

/s/ Brya M. Keilson

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-and-

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