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Suffolk Downs Casino Bid Could Be Good News For Downtown Crossing

By Bianca Vázquez Toness

Jan 2, 2012, 5:50 PM

BOSTON — Boston City Council President Stephen Murphy said Monday that the city will use the [Suffolk Downs casino bid](#) to pressure Vornado Realty Trust to develop or sell their Downtown Crossing site.

Vornado, of New York, owns a 20 percent stake in Suffolk Downs, the East Boston racetrack vying for one of the state's casino licenses.

Vornado bought the former Filene's Basement building and promised to construct a hotel, retail and housing complex. Nearly four years later, [the site remains undeveloped](#).

"We want to talk about gaming, but we also want you to fix that damn hole in the ground a few miles from here," Murphy said. "Let's get them to do it. Let's work together to make sure they do it."

Vornado Realty did not immediately return calls for comment.

<http://www.wbur.org/2012/01/02/suffolk-downs-dtx>

The Boston Globe

EDITORIAL | LAWRENCE HARMON

January 02, 2012|By Lawrence Harmon

MAYOR MENINO and his closest advisers have been sifting like archeologists through the administration's promises and accomplishments of the past year. They're out to show that Menino, 69, is either fit to continue in the job for a sixth term or has earned the right to walk away in 2013 with nothing left to prove.

Menino is a big promise maker, both at budget time and in the course of three or four major policy speeches each year. But in his prior terms, there was little effort by the administration to keep track of those promises. That lack of urgency and accountability started to show during Menino's lackluster fourth term. He seems determined not to make the same mistake.

During December, Menino and his cabinet members compiled an internal progress report on the 60 specific promises made by the mayor during 2011. The commitments ranged from eliminating outdated and redundant permitting for businesses to using payments-in-lieu-of-taxes from universities and hospitals to double the number of public school seats for 4-year-olds in the city's violence-prone neighborhoods. Menino hasn't made much headway on either of those two promises, but his record overall isn't too shabby. He can document completion or significant progress on about 80 percent of his commitments.

Real movement on the renovation of Dudley Square in Roxbury, including the design for a new school department headquarters on the site of an abandoned furniture warehouse, probably tops the list of promises fulfilled in 2011. At the collective bargaining table, Menino made good on his pledge to control costs by getting municipal workers to assume a greater share of the cost of municipal health insurance. And he exceeded all expectations with the implementation of a bike share program that generated 144,000 trips in its first season.

Menino's failed promises appear mostly under one category - aid to Boston businesses. A promised incubator for small businesses failed to materialize. Efforts to make it easier for start-up businesses to secure building and health permits fell short, as did the administration's bid to solicit private support for technical job training. And while it's nice to see extra cleaning crews in Downtown Crossing as part of the new Business Improvement District, a gaping hole remains where the Filene's block once stood, symbolizing empty promises of the past.

The bottom line is that the Menino administration will twist itself into knots to improve the lives of city residents - including the creation of mobile phone applications to report graffiti and potholes - but barely budge when it comes to helping businesses.

The city's Building, Inspectional Services, Health, Licensing, and Fire departments require a slew of permits to get even a modest restaurant off the ground in Boston. One can grow old or come unglued in the quest for a "common victualler's license." In 2011, Menino promised he'd create a "One-Stop Permitting Center." He didn't. And that center was meant only to provide information about which permits are required, not the permits themselves.

It's great to see a five-term mayor get so excited about redesigning community swimming pools in West Roxbury and Roslindale so that residents can move effortlessly between the water and outdoor lounging spaces. But the administration needs to lavish as much attention on the people who are starting or expanding businesses and generating jobs in Boston while the rest of the city takes a dip.

One promising sign is that Menino fulfilled his commitment to create weekly business service meetings with representatives of the Boston Redevelopment Authority, mayor's office, and city departments in charge of business permits. Another good sign would be if he fills the current vacancy for commissioner of Inspectional Services with someone who sees the job as more than just cracking down on violators. People who open businesses in Boston deserve good customer service, too.

Many are speculating about whether Menino will run again. It's likely that he's not even sure himself at this halfway point in the term. But his willingness to create a detailed record of his promises - kept and broken - is a reminder of why he's the longest-serving mayor in the history of the city.

http://articles.boston.com/2012-01-02/opinion/30578387_1_mayor-menino-boston-businesses-potholes

The New York Times

LETTER

Here's to Filene's Basement

Published: January 2, 2012

To the Editor:

Re "[Sorrow for Filene's Basement End Doesn't Stop Bargain Hunt](#)" (news article, Dec. 30):

The closing of Filene's Basement in Boston represents an end of an era in retailing. Unlike the discounters of today, whose low prices are brought to consumers courtesy of a race to the bottom in which suppliers are pushed to lower their wages and standards, Filene's Basement marched to a different business philosophy and practice.

Edward Filene made a great success out of job lots, end-of-season closeouts and aggressive inventory controls, and shared the profits with charities and progressive causes. I was first taken to Filene's Basement on a trip to Boston when I was 8, and over the last 50-plus years I have shopped there frequently.

Its closing saddens me and, in a small way, is a symbol of the fading away of the American dream.

SIMON ROSENBLUM

Toronto, Dec. 30, 2011

<http://www.nytimes.com/2012/01/03/opinion/heres-to-filenes-basement.html>

The Patriot Ledger

JOANN FITZPATRICK: Still not sold on casino economics

Ballot petition aims to give voters the final word

Posted Jan 03, 2012 @ 10:56 AM

QUINCY — Call me a sore loser. I hate the idea of casinos coming to Massachusetts. The arguments for bringing large-scale gambling to this state have never held up under close scrutiny.

Good jobs at good wages. Really? Except for the hundreds of construction jobs needed to build a mega-casino or three, casino jobs are not the kind that make Massachusetts special. The state's economic pride is rooted in a long history of success based on highly educated workers. As for construction jobs, why not build things that make a productive contribution to society instead?

The money's going elsewhere, so we must take steps to keep it home. This argument has some weight but the moral dimension cannot be ignored. The state Lottery already encourages gambling by those who cannot afford it by putting Keno games on every block. With casinos within striking distance, low rollers will be able to try their hands at a sucker's game in myriad ways that do not exist now. Why take the fun out of a day trip to Foxwoods?

But these are destination casinos, with dining and entertainment thrown in. This is probably the weakest argument of all. A family's budget for fun is not that elastic, even in good times. A dollar spent at a casino restaurant or show is a dollar not spent at a local restaurant or theater, at TD Garden or the Comcast Center. Thus, by enticing this new business, the state hurts existing businesses. There is scant logic to casino economics except for the bottom line: the house wins.

When the casino bill finally passed just a month ago, Gov. Deval Patrick and his legislative colleagues emphasized the gaming commission created as part of the deal and tried to make it sound as though this will be a careful, deliberative process to make sure "it's done right," rather than a money scramble among gaming interests. That rosy scenario was upended within days when New England Patriots Owner Robert Kraft and his casino partner Steve Wynn began a campaign to site the eastern Massachusetts casino on land Kraft owns near Gillette Stadium in Foxboro.

Strike up the band; round up the Pats cheerleaders. This big-bucks game has begun! If the consequences weren't so enormous, it would be great sport watching Suffolk Downs interests wrestle with the Kraft/Wynn team.

The push for casino gambling has always had a strong undercurrent: saving the failing Suffolk Downs racetrack. Now that the chips are on the table, Suffolk Downs will not stand by and watch an interloper, even one as powerful and popular as Kraft, mess with its stacked deck.

Boston Mayor Tom Menino, who should know better, is with the Suffolk Downs gang, despite the incredible traffic nightmare that a huge casino in East Boston would mean. And despite the fact 20 percent of Suffolk Downs is now owned by the developer who replaced the downtown Filene's building with a gigantic hole: a blight in the center of Boston. Can The Donald be far behind?

Casino magnates obviously missed the memo that said the gaming commission would move slowly in choosing developers.

The Kraft/Wynn group acts as though a commission does not exist. Ignoring the fact people might be tied up with Christmas shopping and cooking, for the last couple weeks Kraft and Wynn – billionaire owner of casinos in Vegas and Macau – bombarded Foxboro residents with promises of how life could only get better when your new neighbor is a mega-casino. Wynn says the \$1 billion casino would “feel intimate.”

One thing's certain: The traffic on Route 95 would be intimate; major highways leading to Gillette are parking lots on game days and busy enough with everyday commuter traffic. Add thousands of casino goers and it's not hard to envision the result.

Fortunately, Foxboro folk are not eager to be rolled so easily. Selectmen voted 3-2 on Tuesday that the town is not interested in hosting a casino, but it's doubtful that vote alone will deter Wynn from pushing his casino proposal.

Casinos sound like a good bet until you find yourself directly affected by one, as residents of Foxboro and nearby towns quickly realized.

What's happened in Foxboro is a signal to eastern Massachusetts residents that a casino could threaten life as they know it. As one resident said, once a casino is on the drawing boards, there's no chance you'll be able to sell your house and get out of town.

It will be years before a casino is actually built. Meanwhile, the state's economy is beginning to improve. As it is, Massachusetts weathered the Great Recession fairly well, relative to the rest of the country. Why? Because the state has 21st Century businesses

that need highly qualified workers. At the same time, in Connecticut both Mohegan Sun and Foxwoods have seen substantial reductions in revenue, down 20 to 30 percent.

It's not too late to rethink what the Legislature has wrought; an effort to place casinos on the statewide ballot has begun. If you would rather go to Foxwoods than have Foxwoods in your town, think about putting your signature on those papers.

<http://www.patriotledger.com/topstories/x1896000124/JOANN-FITZPATRICK-Still-not-sold-on-casino-economics>

The Back Bay Sun

Shedding New Light on an Old Neighborhood – Boston, MA

Filene's Basement

January 3, 2012

The final death knell for Filene's basement last week is like a stab in the heart for those of us who grew-up with parents who considered Filene's Basement every bit as good as brand name stores with the most expensive and high quality clothing and accessory items.

If you are over 45, most likely you spent time in the Basement searching for a suit or a pair of slippers or pajamas or even a wedding dress.

Filene's Basement was as much a part of Boston as our connection to the American Revolution. When the Basement was at it height during the 1960's and into the 1970's, its famous bargains attracted people from all over the nation and from every neighborhood in this city absolutely.

Rich or poor, black or white, Old Boston Yankee or Boston newcomer, the Basement was a beacon to all who sought a good bargain for great goods in an intense atmosphere where nearly everyone was rushing to grab a bargain off the clothing racks or from the bins.

Now its gone and like everything else about the past we don't want to let go of, we lament its demise.

The Basement hasn't been the Basement we knew for years. But at least in name it was still there.

Now its gone, forever.

<http://backbaysun.com/2012/01/03/filenes-basement/>



Will 2012 See The Filene's Hole Filled?

Jan. 3, 2012

BOSTON — Last week, the Filene's Basement franchise closed its doors for good. Four years ago, the flagship Boston location was torn down to make room for a beautiful new 38-story castle... in the air. But Vornado Realty Trust, the company that owns the site of the original Filene's Basement department store in Downtown Crossing, may soon finally be forced to deal with that property.

It's because of casino gambling. Vornado owns a stake in the Suffolk Downs racetrack, whose owners are seeking a casino license. Boston Business Journal real estate editor Thomas Grillo [said on "The Callie Crossley Show"](#) that Mayor Thomas Menino wants to see development at the Filene's site before there's any talk of licenses.

Grillo said, "Vornado is a 20 percent owner of Suffolk Downs, and the Mayor has said, 'Over my dead body will something get done at Suffolk Downs, until Vornado cleans up the mess that they made at Downtown Crossing.'"

City Council president Stephen Murphy [echoed that message](#) on Jan. 2.

Grillo thought it's likely 2012 will finally see development get under way.

In a [November 2011 appearance on "Greater Boston,"](#) Menino made a similar prediction: "I have no knowledge, but I hear, I see... I would think in the next six months we'll have something there," he said.

<http://www.wgbh.org/articles/Will-2012-See-The-Filenes-Hole-Filled-5237>



The Callie Crossley Show

The Filene's Pit

Four years ago, the original Filene's Basement department store was closed and the building was demolished to make way for big-money development. Four years on, the location is still a gaping hole. We talk today about the history of the site, why progress has been slow and how life can be breathed back into Downtown Crossing.

GUESTS:

Anthony Flint, fellow at the [Lincoln Institute of Land Policy](#)

Thomas Grillo, real estate editor for the [Boston Business Journal](#)

<http://www.wgbh.org/programs/The-Callie-Crossley-Show-855/episodes/Tues-1312The-Filenes-Pit-34197>

The Washington Post

Letter to the Editor

A fond farewell to Filene's

Published: January 3

As sad as the final nail in Filene's Basement coffin is [["Mourning the final clearance at Filene's,"](#) Outlook, Jan. 1], for many of us Bostonians, the store's demise dates to September 2007, when the original "Basement" was closed with a now-unfulfilled promise of a grand rebirth. That closure is a lingering gash in Boston's heart. The store's broken facade is now enveloped in a white tarp.

Long gone are the hand-built wooden tables of sartorial splendor. Poof went the hand-painted signs notifying Boston's wicked, competitive shopping mavens of automatic markdown dates. Banished were the women disrobing before astonished tourists' eyes while men tried on suits in private booths. Oh, how I miss those fabulous designer shoes, the remarkable Fifth Avenue end lots, the original "back room" of high-end bargains.

I cut my shopping teeth and learned my fashion sense in that two-story basement of mega-bargain shopping nirvana. To it, I pay homage for my "firsts" — cashmere sweater, silk blouse and (my first and only) Charles Jourdan shoes — and for the vast preponderance of my underclothes for 40-plus years. My Basement, may you rest in peace.

Monette Melanson, Washington

http://www.washingtonpost.com/opinions/a-fond-farewell-to-filenes/2012/01/02/gIQA3ARyYP_story.html



Board eyes who gets say in casino vote

By Matt Stout and Dave Wedge

Tuesday, January 3, 2012 - Added 5 hours ago

A new gaming committee being formed by the Boston City Council will consider whether the whole city or just East Boston will have a say in a Hub casino, but could also be used to pressure a Suffolk Downs partner over a controversial downtown property, Council President Stephen J. Murphy said.

Murphy is forming a special committee on gaming to "discuss the parameters of gambling in the city of Boston."

Among the issues Murphy said the board will consider is the 20 percent Suffolk Downs ownership stake of Steven Roth, whose company, Vornado Realty Trust, has left a gaping hole in the ground at Downtown Crossing on the site that formerly housed Filene's. The controversial eyesore has had Roth and Mayor [Thomas M. Menino](#) publicly feuding for years.

"They need to clean up their act," Murphy said of Vornado. "We want to send a message to them."

A Vornado spokesman and Roth could not be reached for comment yesterday.

Suffolk Downs is gearing up to build a billion-dollar casino at the aging East Boston racetrack, which Menino has staunchly supported. Yesterday, the mayor said only Eastie voters — not voters citywide — should have a say in green-lighting the resort-style gaming palace.

"They're going to be the most impacted," Menino said. "I think they should have the most input."

Under the gaming bill, all residents of a city or town have a say in whether a casino comes to their community, except in cities such as Boston, where only the targeted ward can weigh in unless the City Council calls for a citywide vote. Councilor Michael Ross said the new committee should have a "very public discussion" on casinos before making any decisions.

"We're assuming Suffolk Downs is the site. Who says another proposal won't emerge?" Ross said. A proposed Foxboro project could be competing with Suffolk Downs for the eastern region's sole casino license, one of three statewide.

Murphy, who announced the committee's formation yesterday, also said it's too early to decide which voters should have a say on a Hub casino. He plans to have Eastie Councilor Salvatore LaMattina chair the committee.

BeaconHillPatch

'Fix That Damn Hole in the Ground'

Newly-reelected City Council President Stephen Murphy wants the council to pressure owner of the Downtown Crossing hole (where Filene's used to be) to clean up his mess—if he wants to get a casino for Suffolk Downs.

By [Chris Helms](#)

Tuesday, January 03, 2012

The first City Council meeting of the year was mostly a by-the-numbers affair, with a light agenda of actual decisions to be made.

The 2012 City Council, having been [sworn-in earlier Monday at Faneuil Hall](#), did make one decision—they kept City Councilor Stephen Murphy on as president. The vote, which was expected to go Murphy's way, was unanimous.

Filenes Crater Priority for Murphy

Murphy outlined a few items he'd like the council to go after in 2012. Among them would be using the council to pressure Vornado Realty Trust, the owner of the giant hole in Downtown Crossing. Murphy wants to pressure Vornado to find a resolution for the long-neglected property if they expect the city to play ball with them over Suffolk Downs, which could become a lucrative casino. Vornado owns a 20 percent stake in the East Boston-Revere horse track.

"There are people who want to put a casino here in Boston and one of the minority members is the same entity whose work is on display a few hundred yards south of here at the hole that we used to all know as Filene's," Murphy said. "I think we as a City Council should say, 'We want to work with you. But we also want you to fix that damn hole in the ground.'"

[According to the Boston Globe](#), Vornado recently started publicly marketing the Filene's property, but that the offers are coming in around \$50 million. That's far short of Vornado's \$200 million investment.

Mentoring Program Touted for Non-Profits

Another effort Murphy said he would champion in 2012 is creating a program by which tax-exempt universities and medical institutions can work off some of their "debt" to the city. The term of art is "Payment in Lieu of Taxes" or PILOT, since by law these institutions don't pay property taxes.

Cities can't force nonprofits to pay these but they can twist arms. Under the plan, students would mentor Boston middle schoolers and the institutions would get credit against their PILOT goals.

Other Council News

In other news from the meeting, it was announced that Mayor Thomas Menino **reappointed School Committee member Claudio Martinez** of Jamaica Plain. He also **appointed Meg Campbell of Dorchester**. Martinez is executive director of JP's [Hyde Square Task Force](#). Campbell is founder and executive director of the [Codman Academy Charter School](#). The appointment marks a warming relationship between the city and charter schools. These are four-year terms. Campbell takes the seat formerly held by Marchelle Raynor of *Roxbury*.

<http://beaconhill.patch.com/articles/fix-that-damn-hole-in-the-ground-a532d7cd>

The New York Times

Remembering the Fever, and Fun, of the Basement



Shannon Stapleton/Reuters

The Running of the Brides last June at Filene's Basement, which filed for bankruptcy in November and closed its stores last week.

By MARTHA WEINMAN LEAR

Published: January 6, 2012

WERE it not for Filene's Basement, I would have gone to my proms in a potato sack.

It was there, at the flagship of the now-defunct discount retailer, on Washington Street in Boston, that I scored my Madame X gown: black velvet with the one (rhinestone) shoulder strap, marked down to \$19 and not only gorgeous, but from I. Magnin. That was a magical name, light-years removed from the Basement chain, which recently closed, sunk into bankruptcy.

My mother saw the dress first. She grabbed for it, microseconds ahead of another shopper (you had to move fast in Filene's Basement), and I tried it on, right there on the floor.

Dressing rooms? Don't be silly. You pulled it on over your clothes and elbowed your way to a sliver of mirror, just like everyone else. And if other women eyed you and hung around, jockeying for position just in case you weren't buying it — that was when you knew you had a winner.

I wore that gown to my junior prom and my senior prom and a couple of Harvard proms. That rhinestone strap was mangled in the back seats of cars and mended each time to twinkle yet again, and when I graduated and came to New York to find a job, the Madame X came with me.

Even here it was a hit, and whenever anyone asked where I had bought it, I would say, in all truth, that it had come from I. Magnin.

The fever of Filene's Basement! Once I was fighting for space at a rack filled with overstock from Saks Fifth Avenue, another magical name. A woman beside me pulled out a dress and shrieked, "My God, Mabel, look! It's the same dress."

She began falling backward in a faint, toward me, and I knew that I should try to catch her, but she was very fat, and I did not. It shames me still to recall that I stood by as she went down (she was unhurt; Mabel hoisted her up and away) and that I instantly pushed back into that trove of Saks dresses. Again I scored: Mollie Parnis, coatdress in black wool crepe; still works.

There was the annual one-day bridal-gown sale, only in the flagship store. Some marketing genius named it the Running of the Brides, which caused near riots and got great press coverage.

Three of us went with Bea, the first of our crowd to get engaged, to help her pick a dress. As soon as the doors opened and the madness descended, we pushed through and grabbed armloads of bridal gowns, holding them hostage for Bea to try on.

Her choice was awash in seed pearls. We stood admiring it. We swore we would all buy our wedding gowns in the Basement.

We were helping Bea out of the gown when a young woman said, "I saw it first," and tugged at it. Bea tugged back. The tulle made a sickening sound as it ripped. Seed pearls scattered.

The woman disappeared. Bea cried. She found another, and it was pretty enough, but she always mourned the one that got away.

By the time I was marrying, in the '60s, I was gainfully employed in New York, at this newspaper in fact, and could have shopped anywhere I chose, but loyalty took me back to the Basement. (I found no wedding gown but did find what we used to call the Going-Away Dress: pink silk ombré; provenance: Saks; at \$39, perfect.)

The great Basement innovation, but only at the flagship, was the automatic markdown system. Roughly every week, the price of unsold items was reduced by one-quarter. Anything unsold after a month went to charity. You would covet a jacket, and see on the sales tag that in two days it would be discounted.

The game then was to protect it from other shoppers, which you would do by shoving it stealthily onto, say, a maternity rack, or even under the rack.

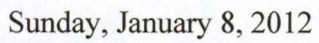
You would arrive early the next two mornings to reposition your prey, if you could find it, and should you and it emerge together to close the deal at the lower price, what sweet triumph!

There was never anything that sweet at the chain's branches, like my local one at 79th and Broadway, which was better than *no* Filene's Basement but still a pallid enterprise (with dressing rooms; how pretentious) for a city where discount retail thrives.

Compared with New York, the Boston of my youth was a deeply dull town to live in. The blue laws were fierce. It sometimes felt as if anything that might be construed as fun would be reliably Banned in Boston.

But we had the Basement. That was fun. If you were a girl who loved clothes but grew up in homes where there were no dollars to spare, it was more than fun: It was heaven incarnate.

<http://www.nytimes.com/2012/01/08/fashion/farewell-to-filenes-basement.html>





The Filene's Basement Story From Those Who Knew It Best

By Lori Gwyr

Sunday, January 8, 2012

*Once one of Boston's most well known shopping destinations, Filene's Basement is the subject of the new documentary **Voices from the Basement**, premiering **Thursday, December 9 at 8:30pm on WGBH 2**. Through newsreels, archival footage, vintage photographs and audio recordings, filmmaker Michael Bavaro and psychologist Dr. Susan Edbril illustrate the enormity of this landmark institution, weaving history through a collection of stories told by the people who worked and shopped at the Basement. Recently, WGBH's Lori Gwyr sat down with Michael Bavaro to discuss his new film.*



Executive producer Sue Edbril and producer/director Michael Bavaro of 'Voices from the Basement.'

Photo: Angela Rowlings

WGBH: How did this documentary originally come about between yourself and Dr. Edbril?

MB: I had just completed a documentary about Rex Trailer, who had a kids' show here in Boston for many years. Dr. Edbril had approached Rex about an idea she had about Filene's Basement, and he said you should talk to Michael. So I heard what she had to say, and we talked about it. Because her grandmother had originally worked there for 40 years, it was to be a doc about the women who worked in the Basement. But the more we explored it, the more we saw there were many other layers. We thought we would start off with a small film, but over time there were more and more things that people didn't know about what Filene's had contributed to society.

WGBH: Watching the documentary, it seems everyone involved with the store – from shoppers to employees – had this sort of nostalgic admiration for it. Something

about that store was definitely special, what do you think that was?

MB: You know, I think it's all timing. We were at the dawn of the industrial revolution, the twentieth century. The things we take for granted now were just becoming available as conveniences of life. Filene's was one of the first stores to offer ready-to-wear machine-made clothing, right before everything was tailored. I think the thing that caught on about the Basement was that suddenly you could get really good stuff from Paris and around the world, and it would be at a discount price. Filene's introduced that idea. There had been other bargain basements, but they were

kind of dark and dingy, with castoffs. This was quality stuff. Then they created the Automatic Markdown System so that people would think they were getting something for nothing.

WGBH: Can you talk a little bit more about the Automatic Markdown System. Do you know how that came about?

MB: It was Edward Filene's idea. He wanted to create a system that was like an auction in reverse. Everyone at the time called it "Filene's Follies." Some thought, well that's ridiculous, people will wait until the price gets down to 75 percent off. But, Filene knew that it was good stuff and that people would want to be the first to get it before it was gone. I think it set into motion this whole discount concept. Even today, people might say "Oh I got a Filene's Basement bargain deal on my car," or something else. It's become part of our vernacular, in terms of what a deal is. There were a lot of copy cats – Jordan Marsh had a basement, Macy's has a basement or a cellar. Everybody tried to play off that idea, but there was no place like Filene's Basement. And I think it had to do a lot with that location, because at the time the subway system had just been put in and the Filenes knew that area was going to be like the crossroads of the world.



Shoppers browse through racks of discounted men's suits.

WGBH: In the film we see that they had a snack bar for people and some of the interviewees describe "making a day of it."

MB: In those days, there weren't shopping malls out in the suburbs, so people would make an event of going into the city. While they shopped they would get hungry. A lot of places had snack bars and counters. It was a ritual, you would go to Filene's, and then you would maybe go to Bailey's afterwards for an ice cream. People talk a lot about what the whole downtown crossing area was like back then. Then of course, malls started opening up; it was more convenient for people to go shopping for an hour or two close to home.

WGBH: The film captures the history of Filene's Basement through many different vehicles – archive footage, there's newsreels, photos, personal stories – did you face any challenges with, for example, finding former employees or celebrities, or was that pretty easy to do?

MB: Well, there's a couple of things. Celebrities weren't that forthcoming. We had many men who wanted to talk, but people always think of the shopper as the woman. We had heard of different celebrities who were down in the Basement, like Liza Minelli, and we approached all of them about being in the film, but nobody really wanted to talk. The only one that agreed was Estelle Parsons, because she's from the Boston area. She went off to New York to do the Today Show when it began, and [in the film] she talks about how all her clothes came from Filene's Basement. I think what we found was that some people saw shopping at Filene's as a badge of honor; others didn't want to admit they shopped there.

WGBH: Yeah, the two groups of shoppers.

MB: So that was fascinating to discover. Like some people called it "Filene's" and others called it "Fuhlene's."

WGBH: Actually, I wanted to ask you about that. So Michael, for you, is it "Filene's" or "Fuhlene's?"

MB: Well, I still say "Filene's," but when I want to be uppity about it, I say "Fuhlene's."

WGBH: Some of the former employees you spoke to described working at Filene's as a lifetime job, like stock boys would work their way up to men's suits. Was that the case for most of the modern-day Filene's workers you interviewed? Did you find a lot of lifers who still worked there in 2007?

MB: In 2007, there were several people who had spent their careers there. One woman, Sylvia Amenta who had worked there for 60 years, started right out of high school. And Bernard Horan, who came here from Ireland in 1964. They all thought that they would just take a leave of absence or two-year vacation [when the store closed], maybe some of them retired, I'm not really sure. We really didn't speak to the employees of today, because it's a different company now.

WGBH: What was that like actually to be part of such a historic and emotional moment when the original Filene's Basement closed?



Filene's Basement was beloved for its deep discounts on high end goods, often at the expense of personal space and privacy. Filene's built its first private fitting room for women in the 1980s.

find out what they had to say. And then we found pictures and old newspaper articles. We didn't really have a lot of footage or material.

WGBH: Where did you find that stuff?

MB: I found some on eBay. I found a woman up in Vermont who's grandfather started off as a stock boy and rose to become chairman of the company. She had some old recordings and films stored away in the barn. It was like an archeological dig, because a lot of this stuff had to be found. Even when we premiered the film at the Parker House back in May, I didn't have the footage that's in the film now. When we showed it last month at Dean College, we

MB: At the time, we were looking forward to a grand opening and filming that, and having the ribbon cutting and then maybe have the film premiere around that event. When we saw that it wasn't gonna happen, I think we realized we were there for the closing and really did capture history. I think this film sort of helps people grieve the loss of the store in some way.

WGBH: Definitely, there was sort of a cathartic feel to it at the end. So take me through the process of organizing the film. You had all this old footage and photos and interviews to go through, and you ended up breaking the film into segments. I love the "Hunters and Gatherers" section. How did you decide it should all come together in the end?

MB: Sue and I had talked about a lot of the topics that we wanted to explore. She's a psychologist, so she was really interested in the psychology of what made people hunt for a bargain, and why employees worked there for so many years, why they were so committed. We started off just interviewing people to

found a couple who met there in the 1960s and shot home movies of all the different sales and people working. The new film shows authentic coat sales, fur sales, bridal sales, employees, and even parties after work from the 1960s. I replaced a lot of the stock footage and photographs with the new footage, and it really better illustrates the era of the 50s and 60s. It looks like the scene out of "Mad Men."

WGBH: Following up on that, the Basement in its early days was something of a dichotomy, in that people considered it very democratic. I think it might have been Former Governor Dukakis who used the term "leveling," where commoners could rub shoulders with doctors. But at the same time, there were some very clear divisions. Dukakis said he never saw a black sales person at the Basement or anywhere else. And men had their own dressing rooms, whereas women had to strip down in public. What did you think about the two faces of Filene's, so to speak?

MB: I grew up in the time when we were coming out of that generation of "it's a man's world." I saw women's liberation and the feminist movement. I think some of the things that were accepted then, are not politically correct today. And even though Boston was one of the first states to abolish slavery, there was still an unwritten prejudice here – I think everywhere. Over time, though, you saw people of color working in the Basement. I'm married to an African-American woman, so we talk a lot about that – how some things change, but they still stay the same. But I think in places where people were employed, it did change. On the dressing rooms, part of the show was to go down there and watch the women undress; it was part of the allure of shopping there. I think the store got away with it for as long as it could, until a woman in the 1980s decided to file a discrimination suit against Filene's. So they then had to make a dressing room for women. That was what we discovered as we were making the film. That's also why there is no narrator – I didn't want to put a voice on it.

WGBH: You let the images and the people speak for themselves.

MB: You know, Mike Dukakis was around before I was, so he observed that and I didn't. But I think it spoke to the democracy of the basement. Because even then, it didn't matter what color or what class of society you came from, everybody had the same access to the goods.

WGBH: One of my favorite moments in the film was the juxtaposition of the "Running of the Brides" event with the running of the bulls in Spain. I really thought that was great. Do you know how and when the Brides event came about?

MB: The first bridal sale was in 1947. There's footage from the 1960s that shows the wedding gown sale and people coming in and just buying dresses out of big piles. Some would ship them off to Italy; some would buy a dress just to scrub pots with it. So it wasn't like it is today. Later, maybe in the 70s and really into the 80s, it became more of a media event – because people lined up at the doors for all the sales. You'll see that in the 60s too, for handbag sales and coat sales. They're all waiting at the door and then they rush in. And that carried over to the "Running of the Brides." And the "Running of the Brides" comes from the running of the bulls. I cut the bull shot in – no pun intended – because people think like that and it's funny, it gets a laugh. Susan Dobscha, who's a professor at Bentley, did a whole study about the "Running of the Brides" and didn't appreciate that shot. She said it sort of gave credence to the whole stereotype of women charging in like animals. We had a big back and forth about it.

WGBH: Well, I'm glad you won that argument. It's definitely a classic moment in the film.

MB: Well, I had final cut, so...

WGBH: So let's switch the focus to you for a little bit. You began filmmaking in high school. What first got you interested in it and what was your first project?

MB: I was always an artist and my parents always got me paints and things. But I was fascinated with our home movies, thought about how they worked; how could I be on the screen and be sitting here watching at the same time? No one could really explain that to me. So, when I got into high school, I had a teacher who got me into a Saturday morning program at Mass College of Art, and I ended up in the wrong class. I ended up in filmmaking. Since I had always been interested, I asked if I could stay. And they let me stay. I started off making an animated film – just experimenting with frames and understanding movement. Then I just experimented with movie cameras with my friends and we would make little movies. My first film was called "Blocky," which was a spoof on "Rocky."

WGBH: And what do you think of "Blocky" now, looking back on it?

MB: I think it was the beginnings of YouTube; seems like what people are doing now. Everybody is making movies, everybody is telling stories. For me, though, instead of a video camera or a digital camera, I had a Super 8 film camera. So we made a spoof about "Rocky." It was this chubby little Italian guy who was trying to impress his girlfriend. Instead of working out on a side of beef, he worked out on links of sausages that his father had in a deli that he owned. We tried to mimic "Rocky" in a funny way, sort of like Mad Magazine. That led me to make more films, and when I got into college I made a documentary about my hometown. From there, I went into advertising and promotion, doing commercials and promos.

WGBH: So you were nominated for a New England Emmy for your documentary about Rex Trailer's Boomtown, and I understand that's now even a part of the permanent collection at the Museum of TV and Radio. Are you sort of a sucker for nostalgia, do you think?

MB: I think I am. After working in advertising for a while, I felt like I wasn't telling stories like I wanted. I thought it was important to make a film about something I was passionate about. When I met Rex Trailer, who I had watched growing up, it was the perfect fit. Sue also wanted to make a passion film about her childhood. We put five years of love into the film and I'm really happy with the way it turned out.

WGBH: Must have been quite a process. So what's in store for you next, Michael?

MB: I have a production company called Digital Freeway and I just moved back up to Massachusetts from New York. My job is; I make people's dreams come true. I think everybody has a story to tell.

The Washington Post

Wave of store closings washes over region

By Danielle Douglas

Published: January 8



Carlos Gonzalez/AP - Macy's Inc. announced last week that Bloomingdale's in White Flint and Macy's in Laurel Mall would close by spring. Pictured here, the Bloomingdale's store at the Mall of America, another location the company plans to shutter.

The list of pending store closings in the Washington area is mounting, but the retail shakeout may not take the wind out of the market's sails just yet.

Analysts, brokers and economists agree that there are enough merchants on an expansion kick to lease much of the space coming available. TJ Maxx, Equinox, Modell's Sporting Goods, Ross and Nordstrom Rack are scouting sites around town.

Looking, however, doesn't exactly equate to leasing.

Consider that many of the former Borders bookstores that shuttered following the company's bankruptcy last year remain empty. It doesn't help that the new list of stores slated to go dark, in many cases, are more than 10,000 square feet, narrowing the pool of replacements. In the past two months alone, six retailers have announced plans to shut a total of 14 stores in the region. Just last Wednesday, Macy's said its Bloomingdale's at White Flint Mall and Macy's store at Laurel Mall would close by spring. Penn Camera, on the same day, posted a notice on its Web site about filing for bankruptcy protection and the immediate closure of five of its eight locations.

The week before Penn Camera's decree, Sears said it would close up to 120 stores to raise cash, including a location in Ellicott City. In the same week, home furnishings retailer Pottery Barn sent customers an e-mail saying that its location in Friendship Heights would cease operations on Jan. 16. Meanwhile, **Filene's Basement** is liquidating the remaining merchandise at its four stores in the area to cease operations by the end of this month.

The sheer volume of closings is daunting, but broker Bill Miller of Transwestern Retail said the shakeout pales in comparison to vacancies during the recession.

"When Linens 'n Things and Circuit City went out of business, it was bigger, there were way more locations and the market was worse," he said. "Is what we're going through now death and destruction? Not so much."

Delta Associates chief executive Greg Leisch echoed Miller's sentiments.

"Washington has the lowest vacancy rate, highest income and lowest development pipeline in the country," he said. That combination of factors bodes well for the market in the face of rising vacancies.

What we're seeing, Leisch said, is a "natural structural shift" in retailing, whereby pressure from online operations is resulting in contraction of brick-and-mortar stores.

"You look at Penn Camera or Borders and the goods they sell is merchandise that has thin margins and is sold widely online, so we can't be surprised that they're closing," he said.

Kantar Retail economist Frank Badillo said continued pressure from online merchants likely will lead to further consolidation, though that will be a long-term process. If the economy falters in its recovery, however, he anticipates the pace of consolidation will speed up.

http://www.washingtonpost.com/business/capitalbusiness/can-the-local-retail-market-withstand-a-wave-of-store-closings/2012/01/05/gIQAbbisjP_story.html

Medford resident remembers Filene's Basement

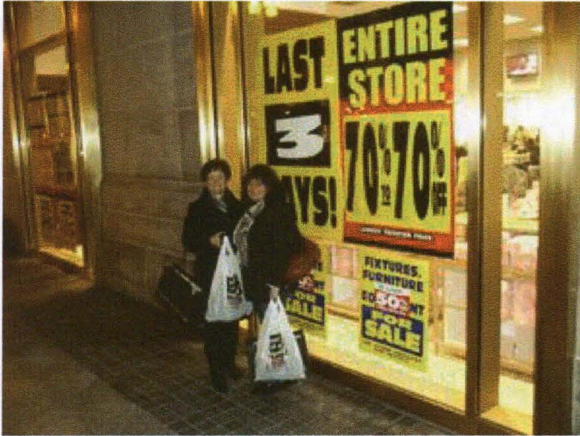


Photo Courtesy of Jo-Ann Marra

Jo-Ann Marra and Gail Orlando in front of Filene's Basement, as the store readied to close its doors.

Posted Jan 06, 2012 @ 02:00 PM

Medford —

Two days after Christmas, on a relatively mild winter afternoon, my cousin, friend and I took the Orange Line into Boston. Our destination was the Gucci Store at the Prudential Shopping Mall.

However, my cousin suggested our first stop should be Filene's Basement on Boylston Street since the store would be closing in just three days. As we walked down Boylston Street window shopping, all of us quickly began reminiscing and telling stories about our adventures at the Filene's Basement in downtown Boston.

As a child, I remember all of the excitement of tightly holding my mother's hand as we entered the Filene's Basement store. There were people everywhere rummaging through clothes, shoes, pocketbooks, home goods and costume jewelry.

What I quickly learned, the brand names and designer fashions at great bargain prices made the store very unique. My mother showed me how to read the automatic markdown calendar and I remember the joy of figuring out the new low prices.

At that time, there were no dressing rooms for women so you would see the customers in front of mirrors trying on all types of clothes in the middle of the aisles. I was totally amazed watching all of the people and the silly things they did for a bargain.

When I became an adult, Filene's Basement in downtown Boston was my favorite store. My cousins, friends and I would plan a day to go into Boston just to shop there. We loved getting a true bargain.

After Filene's Basement in downtown Boston closed, the shopping experience was never quite the same but we settled for the new location on Boylston Street with the hopes that the store would someday return to the original location.

Now here we were entering the Filene's Basement on Boylston Street with signs everywhere advertising "Entire stock 70 percent off" and "3 days left to shop."

This time I was not excited about getting bargains. There were empty racks everywhere. I was unhappy to know that Filene's Basement the store I had grown up with all my life would be closing in a few days.

I still rummaged through the clothes and found many great bargains, but I was sad to think this was the very last time I would be shopping in a Filene's Basement store.

— *Jo-Ann Marra is a Medford resident.*

<http://www.wickedlocal.com/medford/news/x28915191/Medford-resident-remembers-Filenes-Basement#axzz1iyhM10eY>

THE SACRAMENTO BEE

Nordstrom Rack to Open at Tysons Corner in Virginia

By Nordstrom, Inc.

Published: Monday, Jan. 9, 2012 - 1:31 pm

SEATTLE, Jan. 9, 2012 -- SEATTLE, Jan. 9, 2012 /PRNewswire/ -- Seattle-based Nordstrom, Inc., (NYSE: JWN) announced today plans to open a new Nordstrom Rack in Tysons Corner, Va. The approximately 42,000-square-foot, two-level store is scheduled to open during fall 2012.

Nordstrom Rack is the off-price retail division of Nordstrom, Inc., carrying on-trend merchandise from Nordstrom stores and Nordstrom.com at 50 to 60 percent off original Nordstrom prices. Nordstrom Rack also offers a wide selection of apparel, accessories and shoes from many of the brands carried in Nordstrom stores. These items are purchased specially for Nordstrom Rack, with most at savings of 30 to 70 percent off. The new store will be conveniently located off I-495 at Leesburg Pike (Route 7) near the intersection with Old Gallows Road, and across the street from Tysons Corner Center. Nordstrom Rack will open in the former Filene's Basement space and join tenants Morton's Steakhouse, Bertucci's restaurant and Bank of America in a 215,000-square-foot mixed-use project. The project is owned by Rocks Tysons Two LLC and managed by Allen & Rocks, Inc. with KLN B Retail handling leasing.

When it opens, the Tysons Corner Rack store will be the ninth in the Washington metropolitan region. Nordstrom also operates nine full-line stores in the area. In 1988, the retailer opened its first east coast full-line store at Tysons Corner Center, which then led to further national expansion. Since its opening, the Tysons Corner Nordstrom has remained one of the company's top-performing stores. "Tysons Corner is special to us," said Geevy Thomas, president of Nordstrom Rack. "This community helped us become a truly national company when we opened here over two decades ago, and we're excited to now be able to better serve our customers with a Nordstrom Rack across the street from our full-line store at Tysons Corner."

About Nordstrom

Nordstrom, Inc. is one of the nation's leading fashion specialty retailers. Founded in 1901 as a shoe store in Seattle, today Nordstrom operates 225 stores in 30 states, including 117 full-line stores, 104 Nordstrom Racks, two Jeffrey boutiques, one

treasure&bond store and one clearance store. Nordstrom also serves customers through Nordstrom.com and through its catalogs. Additionally, the company operates in the online private sale marketplace through its subsidiary HauteLook. Nordstrom, Inc.'s common stock is publicly traded on the NYSE under the symbol JWN.

About KLN RetailKLN Retail provides a full complement of site selection, market research, Landlord representation, investment sales and land sales services to national, regional and local shopping center owners, developers and retailers across the Mid Atlantic region.

<http://www.sacbee.com/2012/01/09/4174572/nordstrom-rack-to-open-at-tysons.html>

House Speaker Robert A. DeLeo, a Winthrop Democrat who backs a Suffolk Downs casino, agreed with Menino, saying the vote should be with those "mainly affected" in East Boston.

LaMattina said traffic is a vital neighborhood concern and he wants the vote to stay in his neighborhood.

"I truly don't believe somebody from Hyde Park, West Roxbury (or any other city neighborhood) should be able to decide that issue for East Boston," he said.

District 6 Councilor Matt O'Malley disagreed, saying, "(A casino) will impact, for good or ill, the entire city."

<http://www.bostonherald.com/news/politics/view.bg?articleid=1392795>

Dow Jones DBR Small Cap

Syms Receives Court Approval To Terminate Fifth Avenue Lease

Tuesday, January 10, 2012

By Stephanie Gleason

Syms Corp. received bankruptcy-court approval Friday to pay to terminate a lease on a Manhattan store for \$258,333, or one month's rent, that the committee of unsecured creditors had argued should be auctioned instead of terminated.

Judge Kevin Carney of the U.S. Bankruptcy Court in Wilmington, Del., approved the payment and ordered the lease terminated, saying the settlement is "in the best interest of Syms, its estate, its creditors, its stakeholders and other parties in interest."

Syms entered into the lease on the Fifth Avenue property in August 2010 and intended it to be a Filene's Basement store, but the store was never opened. The creditors committee had argued it wasn't in their best interest for Syms to pay to terminate a lease at a below-market rate in a "burgeoning part" of New York City.

The landlord said Syms had paid "at most one month's rent during that time," and, given that Syms tied up the space for more than a year, it couldn't freely walk away from its obligation. The landlord threatened to sue for \$8.4 million if the lease was rejected in bankruptcy.

Syms also said in court documents that it doesn't believe it could find a buyer for the lease and negotiate a better outcome than the one offered by the settlement.

The order amended the settlement, which was originally going to cost Syms \$2.6 million to terminate. Syms will receive \$2.8 million, the amount in the escrow account plus an additional payment from the landlord, when the landlord sells the building.

Lawyers representing Syms and the creditors committee weren't immediately available for comment Monday. The 46-store retailer, which included Syms and Filene's Basement stores, filed for Chapter 11 bankruptcy protection on Nov. 2 with a plan to liquidate. One week after the announcement, the company received approval to restrict trading on the company's shares to protect up to \$12.6 million in tax breaks.



Syms Creditors, Equity Holders Rip Adviser Hirings

Law360, New York (January 11, 2012, 6:43 PM ET) -- Creditors and equity holders of Syms Corp. subsidiary Filene's Basement LLC on Tuesday objected to planned payments to two investment banks and two law firms, including Skadden Arps Slate Meagher & Flom LLP, calling them unnecessary given the company's stated goal of liquidation.

In two objections filed in Delaware bankruptcy court, the committees for unsecured creditors and equity holders say there is no need to pay the \$250,000 in monthly fees proposed for financial adviser Rothschild Inc. and real estate consultants Cushman & Wakefield Securities Inc. and Cushman & Wakefield Inc. to execute the debtors' simple liquidation strategy.

"The debtors are seeking to retain numerous and overlapping layers of professionals, some of which are entirely unnecessary, and all of which are proposed at a significant expense to these estates," the equity committee said.

The equity committee also says the retention of Alvarez & Marsal North America LLP should be limited, and asks the court to curb Skadden's role to facilitating plan negotiations with creditors because it owes conflicting loyalties to several parties in interest, including CEO Marcy Syms.

The debtors have already made more than \$8 million in prepetition payments for debt counseling and advice, the creditors say. In addition, they have failed to allocate their fees between the Syms estate and that of the other debtors, instead billing all the fees to Syms without a breakdown of benefits received by each subsidiary, according to the filings.

The unsecured creditors note that the debtors' retail operations have already been fully liquidated; that all of the real estate leases have been sold, terminated or rejected; and that the company's intellectual property assets are in the process of being sold. There is no need for costly financial advisers to complete the simple liquidation, according to the unsecured creditors.

"Notwithstanding this relatively straightforward path for the debtors to follow to emerge from Chapter 11, the debtors seek broad authority to retain upfront a surplus of expensive professional advisers and investment bankers to assist them or be available to assist them in these cases," the unsecured creditors said.

Secaucus, N.J.-based Syms bought Filene's out of bankruptcy in 2009 for \$62.4 million. But the expected synergies between the discount clothing retailers didn't pan out, attorneys for the companies have said. The current economic upheaval also created intense competition in their niche, leading the companies to file for court protection Nov. 2.

Syms listed assets of \$228 million and debts of \$57 million as of September in its bankruptcy petition, which also names subsidiaries Syms Clothing Inc. and Syms Advertising Inc.

Last month, Syms asked a Delaware bankruptcy judge to tap an examiner to probe allegations of misconduct against management, hoping to head off a turf battle between shareholders and creditors of Filene's.

The potential claims, made by the chair of equity committee Esopus Creek Value Series Fund LP, relate to the discount clothing retailer's infusion of \$39 million to prop up Filene's since acquiring the rival out of bankruptcy, along with certain real estate deals following the ill-fated union.

Both shareholders and unsecured creditors contend their respective committees should probe the alleged misconduct, but each committee has a distinct agenda colored by the central economic divide in the case: Syms is likely solvent, with an equity value in the range of \$150 million, while Filene's is deeply underwater, according to the examiner's motion.

The company operates a chain of off-price retail stores in 13 states that sell a broad range of designer and brand-name labels. Founded in 1959 by Sy Syms, it currently operates 21 stand-alone stores, mostly in the Northeast.

Filene's, which was founded in Boston in 1909, operates 20 stand-alone stores. There are also five joint Syms-Filene's stores.

Syms is represented by Mark S. Chehi, Jay Goffman, Nancy Lieberman, Morris Kramer and Mark McDermott of Skadden Arps Slate Meagher & Flom LLP.

The secured creditors committee is represented by Matthew B. Harvey and Robert J. Dehney of Morris Nichols Arsht & Tunnell LLP and Thomas B. Walper, Seth Goldman and Bradley R. Schneider of Munger Tolles & Olson LLP.

The committee of unsecured creditors is represented by Marisa A. Terranova, Michael J. Merchant and Paul N. Heath of Richards Layton & Finger PA and by Mark T. Power, Janine M. Cerbone and Alison M. Ladd of Hahn & Hessen LLP.

The case is In re: Filene's Basement LLC, case number 1:11-bk-13511, in the U.S. Bankruptcy Court for the District of Delaware.

--Additional reporting by Lance Daroni. Editing by Elizabeth Bowen.

<http://www.law360.com/articles/299340>

The Record

THE TRUSTED LOCAL SOURCE

Mandee, Annie Sez company expected to seek financial protection

MONDAY, JANUARY 9, 2012

BY JOAN VERDON

STAFF WRITER

Big M Inc., the Totowa-based company that operates the Mandee, Annie Sez and Afaze clothing stores, reportedly is preparing to seek protection from creditors and could be planning to reorganize or shut some of its 166 stores.

Big M executives would not comment Monday on reports by Bloomberg News and Woman's Wear Daily that the 63-year-old discount and off-price clothing company is in financial trouble. Bloomberg reported that two sources said the company could seek financial protection as early as this week. A source contacted by The Record said a bankruptcy filing is expected soon and that the company is likely to hold going-out-of-business sales at some stores.

"As a private company we don't comment on our financial plans," Renee Zuckerman, chief marketing officer for Big M Inc., said Monday. She also told The Record she could not confirm or deny the news reports.

Analysts said it is difficult to know the health of the closely held Big M, which does not reveal its finances, but said it is likely that the company has been squeezed in recent years by increased competition and a recession that caused traditional full-price retailers to turn into off-price discounters.

"The off-price business is strong as long as there's on-price [full price]. When on-price goes off-price, you've got a problem," said Howard Davidowitz, chairman of Davidowitz & Associates, a national retail consulting and investment banking firm based in New York City.

The company's Annie Sez division has also been hurt by the growth of the national off-price chains T.J. Maxx and Marshalls, as well as by competition from online bargain websites like Gilt and Rue La La.

Secaucus-based off-price retailer Syms, suffering from similar pressures, completed the liquidation of its stores last month, after filing for bankruptcy protection in November.

Davidowitz said Big M has survived as a small clothing retailer far longer than similar companies.

The first Mande store opened in Kearny in 1948. It was founded by Ken, Bernie and Max Mandelbaum, three brothers who grew up helping their mother run a candy store in Brooklyn.

Ken Mandelbaum, the company's chief executive officer until September, said in a 2009 interview that the company's strategy was to grow slowly, opening one store every two years, in ever widening circles away from the original store. The company grew to 166 stores, with 25 in North Jersey.

The company in recent years has invested in re-branding its Annie Sez off-price division, giving the stores a more upscale look and changing the layout to make them easier to shop.

This fall it opened a prototype Annie Sez store in East Brunswick, to showcase its new store design.

Alan Mandelbaum, who succeeded his cousin Ken Mandelbaum as CEO in September, said in an interview in October that "all fashion retailers are faced with the same challenges in this difficult economy" but that Big M had an edge because it offered value to consumers.

Alan Mandelbaum said in October that the company was looking to grow the Annie Sez chain. Company executives also maintained over the years that being based near the garment markets of New York gave them a strategic advantage in getting deals.

But sources said they expect the company will reorganize after bankruptcy, and might decide to stick with only one retail banner, probably Mande, rather than continue to operate all three brands.

http://www.northjersey.com/news/136994223_Mandee_in_trouble.html

The Boston Globe

PAUL MCMORROW

Use casino leverage to fix Filene's site

JANUARY 10, 2012

THE BOSTON City Council is forming a special committee on gaming so the body will look like it is actually debating whether or not to bring casinos to town. The council's leader also suggested last week that the committee could be useful in pressuring one potential casino developer to patch the hole it owns in downtown Boston. Despite all the big talk, neither move looks like it will be of much effect.

The Menino administration, which almost always gets its way over the council, seems determined to place a casino at Suffolk Downs and allow only its East Boston neighbors to have a say on it. That means the new council committee will have no real leverage with which to threaten Vornado Realty Trust, the firm that is both the creator of the Filene's pit downtown and a 20 percent owner of Suffolk Downs.

But if it really wanted to, the new committee could create genuine pressure on Vornado, and truly hold the developer accountable for blowing a crater in Boston's downtown shopping district three years ago. It's as easy as subjecting Vornado's East Boston casino proposal to a citywide referendum.

In Boston, the casino question is about whether the firm that bulldozed Filene's gets to open a lucrative business. Mayor Menino has already said as much. The longtime Suffolk Downs booster isn't believable playing the bad cop, though.

There won't be any real debate inside the council about bringing casinos to Boston because the council is dominated by two types of politicians - those who are owned and operated by Menino, and those who know that going to war with the mayor means the end of one's political life. The pragmatists are smart enough to pretend to lack ambition beyond the council, while the others owe their livelihood to Hizzoner.

There's an easy way to put some teeth behind these threats. Bostonians should call the bluff.

This combination of loyalty and fear usually ensures that Menino gets what he needs from the council. Since he now wants to be sure that a casino lands at Suffolk Downs, he needs the council to decline to hold a citywide referendum on bringing gambling to Boston.

The state's recently enacted casino law requires local approval of any gambling facility, but legislative supporters of a casino at Suffolk Downs exempted Boston from automatically having to hold a citywide vote, instead allowing the City Council to call for a referendum if it so chooses. Casino proponents wrote the law this way because the council will ultimately do whatever Menino wants it to do, and right now, he wants the council to provide Suffolk Downs with the path of least resistance. This means limiting democracy to East Boston, where the vote's outcome can most easily be controlled.

For Menino and the council, the purpose of dodging a citywide vote is setting up a slam-dunk local approval. But if local approvals are already in the bag, Menino and the City Council don't have any real sticks to threaten Vornado with. Council President Steve Murphy spoke last week of using the new gaming committee to send a tough message to Vornado. The city has tried this avenue already. It's been blowing hot rhetoric at Vornado for over three years. Threats and name-calling have failed miserably.

Vornado can do whatever it wants with its downtown pit. The city can't compel the developer to build - at least without some powerful new leverage in hand. City officials are hoping the threat of holding up a Suffolk Downs casino will light a fire under Vornado, but after rigging the casino law in a Boston casino's favor, the suggestion that the Menino administration would follow through on its threats and block a Suffolk Downs casino is just not plausible. Vornado knows this, so City Hall's newest threats are falling flat.

There's an easy way to put some teeth behind these threats. Bostonians should call the bluff, and make the City Council put its shiny new committee to real use by forcing a citywide referendum on Suffolk Downs and Vornado. Doing so would force Menino to relinquish control of the casino approval process. But it would also throw a legitimate scare into Vornado - something Menino has been unable to do. As long as the Filene's pit is festering, why should these blight barons stay in business?

<http://bostonglobe.com/opinion/columns/2012/01/10/use-casino-leverage-fix-filene-site/vsnaVBOY5mnTpzHo84I8hI/story.html>

The Washington Times

Bankruptcy filing no 'Ho Ho' for Twinkies maker

Hostess Brands back into Chapter 11

By Tim Devaney

Wednesday, January 11, 2012



Hostess Twinkies are among the “numerous iconic products” made by Hostess Brands, which had emerged from an earlier bankruptcy in February 2009. Bankruptcy double-dipping is becoming more common. (Associated Press)

Hostess Brands, having already filed once for Chapter 11 bankruptcy, is the latest company to commit serial bankruptcy - what jokesters call the dreaded “Chapter 22.”

After having emerged from that earlier bankruptcy in February 2009, the beloved maker of Twinkies, Wonder Bread and Ho Hos is headed back a second time, though the company says its new restructuring plan should allow it to continue producing its famous sweet treats without laying off employees.

“Hostess has some of our industry’s most powerful and resilient brands,” President and CEO Brian Driscoll said in a statement. “With generations of loyal consumers, numerous iconic products and a talented and experienced workforce, Hostess Brands has tremendous inherent strengths to build upon.”

Hostess blamed its most recent failure on unbearable pension and medical-benefit obligations, the economic downturn and increased competition. In its bankruptcy filing, Hostess estimated it owes more than \$1 billion, but only has assets of between \$500 million and \$1 billion. It sells about \$2 billion of its famous munchies annually.

The company owes money to tens of thousands of creditors, the biggest of which is the Bakery & Confectionery Union & Industry International Pension Fund. The economic downturn didn’t help things. Neither did increased competition from the likes of Flowers Foods, makers of Tastykake snacks.

"The company's cost structure left it poorly positioned to respond to a worsening economy, increased competition and consolidation in the industry that has given other bakery companies major economies of scale and workforce advantages," the company said.

Pending court approval, Hostess will receive \$75 million in debtor-in-possession financing, a get-out-of-bankruptcy loan from Silver Point Capital and other lenders.

"With these changes, we can access capital to reinvest in our company again and begin to level the playing field with our competitors," Mr. Driscoll said. "This company has tremendous potential if we can remove the barriers to success."

Hostess's previous owners filed for bankruptcy protection in 2004.

Bankruptcy double-dipping is becoming more common. In 2011, a total of 86 companies filed for bankruptcy, according to New Generation Research, which runs BankruptcyData.com. Companies like Composite Technology Corp. and Constar International Inc., both filed for repeat bankruptcies in 2011. **Filene's Basement** filed for bankruptcy a third time in 2011, which makes it a "Chapter 33" case.

"Certainly, we're seeing a lot of repeat bankruptcy cases," said Kirk Burkley, partner at Bernstein Law Firm in Pittsburgh.

Many of these double-dippers, hoping to avoid bankruptcy in the first place, wait too late to file, he said. So they rush through the process and are not restructured in an effective way. That can lead to a second bankruptcy.

"One of the classic mistakes is waiting too long to file," Mr. Burkley said. "Everyone thinks that just around the corner is the resolution to their problems, and they don't want to file. Well, if you file too late, and you've run out of options and out of cash, it's extremely difficult to reorganize. The more successful bankruptcies are the ones that are more thought out, more planned out."

Founded in 1930, the Irving, Texas-based company is famous for brands like Butternut, Ding Dongs, Dolly Madison, Drake's, Home Pride, Ho Hos, Merita and Nature's Pride, as well as Twinkies and Wonder Bread.

It has about 19,000 employees, 36 bakeries, 565 distribution centers, and 570 bakery outlet stores in the U.S.

<http://www.washingtontimes.com/news/2012/jan/11/bankruptcy-filing-no-ho-ho-for-twinkies-maker/>

Slate

The Culture Gabfest, “Flexuous Brainsicle” Edition

Listen to **Slate**'s show about *House of Lies*, the dangers of yoga, and the closing of Filene's Basement.

By **Stephen Metcalf, Dana Stevens, and Julia Turner**

Posted Wednesday, Jan. 11, 2012, at 11:49 AM ET



Listen to Culture Gabfest No. 173 with Stephen Metcalf, Dana Stevens, and Julia Turner by clicking the arrow on the audio player below or [opening this player in another tab](#):

Don't miss a single episode of the Culture Gabfest. Subscribe to the [free Culturefest podcast in iTunes](#) or directly with [our RSS feed](#). You can also download this week's episode [here](#). And join the lively conversation on the [Culturefest Facebook](#) [here](#):

In this week's Culture Gabfest, our critics Stephen Metcalf, Dana Stevens, and Julia Turner weigh in on *House of Lies*, Showtime's new comedy set in the world of corporate consultants. Next, they consider the possible hazards in the practice of yoga. For their final segment, Gabfesters lament the closing of bargain retailer Filene's Basement.

http://www.slate.com/articles/podcasts/culturegabfest/2012/01/house_of_lies_the_dangers_of_yoga_and_the_closing_of_filene_s_basement_on_this_week_s_culture_gabfest_podcast.html

The Washington Post

January 11, 2012

Big businesses that have gone bankrupt

Facing scandal, shrinking profits or other woes, these big-name firms have filed for Chapter 11 bankruptcy in recent months.



Hostess Brands, the baker of Twinkie cakes and other iconic American foods, filed for bankruptcy protection in January 2012 after failing to win concessions on union contracts. Founded in 1930, Hostess makes treats such as Twinkies. The company claims its Wonder bread, a vitamin-enriched sliced bread, was the first 100 percent natural bread available across the United States.



Saab Automobile, the 64-year-old Swedish carmaker that halted production in June, applied for protection from creditors in a bid to raise money to restart operations and avoid a bankruptcy petition by unions. Here, a Saab automobile is parked on a lot of a Saab dealership in Sweden.



AMR Corp., the parent company of American Airlines, filed for bankruptcy protection in November 2010, seeking relief from crushing debt caused by high fuel prices and expensive labor contracts that its competitors shed years ago.



MF Global Holdings filed for bankruptcy protection in fall 2011 as part of efforts to reorganize after making bets on European sovereign debt. The firm had been led by former Goldman Sachs executive and New Jersey politician Jon Corzine, who was grilled on Capitol Hill over millions of customer dollars that the company cannot account for.



Borders Group, the second-biggest U.S. bookstore chain, won bankruptcy court approval in February 2011 to liquidate 200 stores in a deal that may bring in \$175 million to creditors.



Sbarro, the pizza chain owned by buyout firm MidOcean Partners, sought bankruptcy protection in April 2011 after missing interest payments on its debt.



Filene's Basement and its parent company, Syms, announced in November that it was headed for bankruptcy. The retail outlet plans to shutter all of its stores.



Solyndra, the solar-panel maker that was backed by the Obama administration, filed for bankruptcy in September.

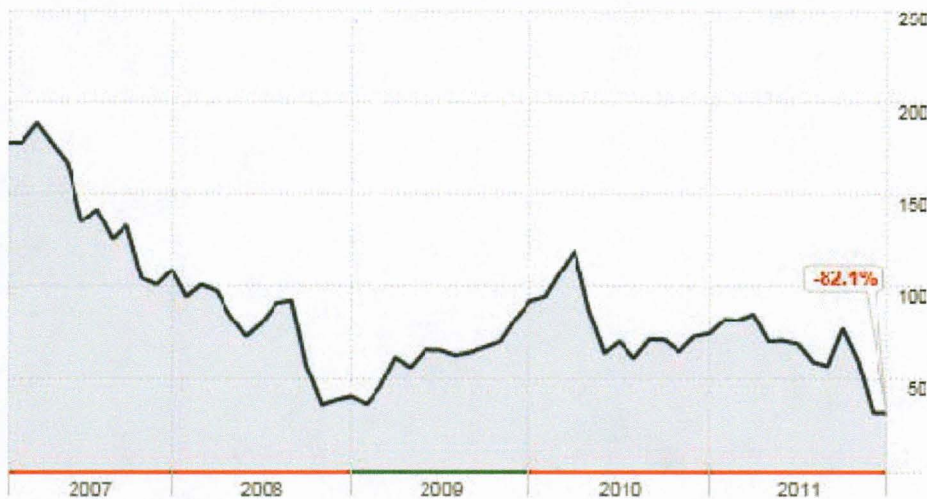


Massachusetts-based restaurant chain Friendly's filed for Chapter 11 bankruptcy protection in October 2011 as it struggled to deal with sluggish sales and rising food prices.

http://www.washingtonpost.com/business/economy/big-businesses-that-have-gone-bankrupt/2012/01/11/gIQAd7aVrP_gallery.html

Tears for Sears: American icon in trouble

By [Paul R. La Monica @lamonicabuzz](#) January 12, 2012: 4:58 PM ET
No towering stock performance for Sears



The past few years have been a nightmare for the once-mighty Sears. Now some are worried that bankruptcy may be next.

NEW YORK (CNNMoney) -- The future is looking increasingly bleak for the former king of retail, Sears Holding.

Shares of Sears (**SHLD**, **Fortune 500**) are trading near their lowest levels since John Kerry won the Iowa Caucus and New Hampshire Primary for the Democrats in 2004.

The retailer, which also owns Kmart as well as the Kenmore, Craftsman and Lands' End brands, announced shortly after Christmas that it was planning to **close 100 to 120 Sears and Kmart stores**. The news seems to be getting worse.

Sears shares initially fell Thursday after *Bloomberg* reported that financial firm CIT Group (**CIT**, **Fortune 500**) had halted lending to Sears suppliers due to concerns about whether those vendors will get paid. But the stock staged a late day rally to finish more than 3% higher.

CIT said that it does not comment on specific customers.

Sears would not comment about the *Bloomberg* report either. But it appeared to confirm it was true in a backdoor kind of way. In a statement, a Sears spokesperson said it disagreed with CIT's actions and that CIT payables affected less than 5% of Sears' inventories.

"Sears Holdings has more than adequate liquidity and ample resources at our disposal which give us significant financial flexibility," the spokesperson said, adding that it is "important to separate disappointing operating performance with liquidity." The Sears spokesperson said that the company ended December with \$4.2 billion in liquidity.

That may not be enough to reassure jittery investors who have increasingly soured on the company. The stock is cheaper than one of Kmart's trademark Blue Light Specials. Shares have plunged nearly 60% in just the past year.

Paul Swinand, an analyst with Morningstar in Chicago (essentially Sears' hometown), said CIT may not be the start of a trend. He suggested that the company now run by former Merrill Lynch head John Thain may be acting overly conservative because it went bankrupt in 2009. So you can forgive it for being more risk averse than other lenders.

But Swinand said Sears has to turn its fortunes around or suppliers could become less willing to continue selling goods through Sears and Kmart stores. Sears is expected to report massive losses this fiscal year and analysts are also forecasting a decline in sales. Vendors could run out of patience.

"When people talk about a retail death spiral, it starts when vendors start tightening shipments because you could lose the ability to get the best merchandise," he said. "The worry is that if Sears keeps piling up losses, you have to wonder what companies like Electrolux or Whirlpool might do."

That would be a disaster if these and other suppliers pulled the plug on Sears.

The "death spiral" that Swinand refers to is essentially what happened in the past few years to Linens 'n Things, Circuit City, Borders, and most recently, **Filene's Basement parent Syms. All four retailers eventually filed for bankruptcy and were forced to liquidate.**

Could Sears actually fall into bankruptcy as a result of its financial problems? It's still a long shot but it probably can't be completely ruled out.

Greg Melich, an analyst with ISI Group in New York, wrote in a report earlier this week that he pegged the chances of a Sears bankruptcy filing sometime in 2012 at about 10% to 15%. He wrote that the more likely scenario is that the company is "modestly successful" with store closings and inventory reduction.

The sad thing though is that even if Sears avoids Chapter 11, or worse, outright liquidation, Melich still doesn't think the stock is worth buying. He wrote that Sears has been "in a zombie state for years."

The long, slow decline of Sears is quite astonishing. There are eerie parallels to Eastman Kodak (**EK, Fortune 500**), which like Sears is an iconic American brand that was in the Dow Jones industrial average not that long ago and is **now facing bankruptcy rumors**.

Both Sears and Kodak never really made the transition to the digital age. You can argue that Amazon (**AMZN, Fortune 500**) is as much a reason for sluggish sales at Sears as competition from the likes of Wal-Mart (**WMT, Fortune 500**) and Target (**TGT, Fortune 500**).

The one saving grace for Sears investors could be that its land may be worth a lot if the company ever did decide to restructure through bankruptcy or asset sales.

Sears chairman Eddie Lampert, who is also the company's largest investor, was praised in 2005 for merging Kmart with Sears. Many investors thought then (and still think now) that Sears is more like a real estate investment trust than a retailer.

And for what it's worth, Lampert disclosed in an SEC filing late Wednesday that he personally bought more shares of Sears from ESL Investments, one of the hedge funds that he controls.

But if Sears and Kmart cannot turn sales around, the company may perversely be better off going bankrupt. Swinand noted that when Syms filed for bankruptcy last year, shares originally dipped on the news but then rallied as investors realized that the liquidation process was likely to lead to gains for stockholders.

"If you are losing money perpetually but if you have great assets, you could be worth more under a restructuring," he said.

Of course, the more than 300,000 employees of Sears would vehemently disagree. So here's hoping that Sears does get back on track. There's too much at stake for the economy if a company this large went under.

The opinions expressed in this commentary are solely those of Paul R. La Monica. Other than Time Warner, the parent of CNNMoney, and Abbott Laboratories, La Monica does not own positions in any individual stocks. ■

<http://money.cnn.com/2012/01/12/markets/thebuzz/>



Rochelle on Hostess, Syms, Sears, 'Gift' Plans: Audio

Jan 13, 2012 10:59 AM ET

Audio Download: [Rochelle on Hostess, Syms, Sears, 'Gift' Plans: Aud](#)

The \$75 million bankruptcy loan for Hostess Brands Inc. is costing over 18 percent, if interest and fees are added, as Bloomberg Law's Lee Pacchia and Bloomberg News bankruptcy columnist Bill Rochelle discuss on their bankruptcy podcast. The stock of former retailer Syms Corp. initially plunged 25 percent when the company issued financial statements with disappointing projections about the liquidation. Rochelle dissects why commercial factor [CIT Group Inc. \(CIT\)](#) may have decided to cut off retailer [Sears Holdings Corp. \(SHLD\)](#) Rochelle ends the podcast by discussing a case from the [U.S. Court of Appeals in Chicago](#) useful for anyone intending to propose a Chapter 11 "gift" plan.

<http://www.bloomberg.com/news/2012-01-13/rochelle-on-hostess-syms-sears-gift-plans-audio.html?cmpid=yhoo>

San Francisco Chronicle

Business Report The Chronicle with Bloomberg

Vitro, Hostess, AMR, MF Global, Syms, Lehman: Bankruptcy

By Bill Rochelle - Jan 13, 2012

Syms Looks to Lease Michigan Property for 10 Years

Syms Corp., the mostly liquidated retailer, agreed to give Lear Operations Corp. a 10-year lease for a 71,600-square-foot building in Southfield, Michigan, for annual rent of \$250,000.

Rent will rise to \$275,000 annually in the last half of the original term of the lease. The bankruptcy court in Delaware will hold a Feb. 8 hearing for approval of the lease.

The eight-acre property includes a 9,000-square-foot office building that hasn't been occupied for 20 years, according to court papers.

Syms and subsidiary Filene's Basement LLC completed going-out-of-business sales at all their stores. The retailers also disposed of their leases, leaving mostly real property for later sale or retention to form the basis for a reorganization.

The company said from the outset that the Chapter 11 case will be a solvent liquidation, with cash left over for shareholders. Yesterday, the stock fell 3 percent to \$9.70 in over-the-counter trading.

Syms, based in Secaucus, New Jersey, purchased Filene's through a bankruptcy auction in June 2009 in Filene's second venture through Chapter 11. At the outset of the Chapter 11 case on Nov. 2, there were 25 Syms stores and 21 Filene's locations. Going-out-of-business sales concluded at all stores by the year-end.

Assets of \$236 million were listed in the Chapter 11 petition, including real estate on the books for \$97.7 million. Liabilities were listed at \$94 million, including \$31.1 million owing on a revolving credit with Bank of America NA as agent. In addition, there were \$11.1 million in letters of credit outstanding on the revolver.

The case is In re Filene's Basement LLC, 11-13511, U.S. Bankruptcy Court, District of Delaware

<http://sfgate.bloomberg.com/SFChronicle/Story?docId=1376-LXQNZJ1A74E901-71AC55P1EO3CMAB4RP615NRMSK>

Goodbye to Syms

Longtime retailer, HQ'd in Secaucus, closes its doors

by Adriana Rambay Fernández

Reporter staff writer

Jan 15, 2012



Following in the footsteps of other retailers that have gone bankrupt in recent years, off-price men's clothing store Syms, headquartered in Secaucus, along with sister company Filene's Basement, closed its doors at the start of the new year.

Stores were plastered with "going out of business" signs during the liquidation process run by Gordon Brothers liquidators. The company also hung "closed" signs on their web sites that sent a message of finality – "all stores are

now closed. Thank you for your patronage and loyalty throughout the years."

The Syms headquarters and local store were on Syms Way in the Harmon Cove outlets in Secaucus.

Economic downturn and tough competition

Syms and Filene's Basement filed for bankruptcy in November, blaming the poor economy and competition from the "big box" department stores. Shortly before founder Sy Syms' death in 2009, his daughter acquired Filene's Basement in a federal bankruptcy auction.

"[These factors] combined with the worst economic downturn in our lifetimes." – Marcy Syms

CEO and Chairwoman Marcy Syms, in a statement at the time, attributed the collapse of the business to several factors: "Increased competition from large department stores that now offer the same brands as our stores at similar discounts; a proliferation of private label discount chains; a decline in buying opportunities as brand name labels have reduced overruns by improving their supply chain management — all combined with the worst economic downturn in our lifetimes."

With the closing of the remaining 25 Syms stores and 21 Filene's basement stores, 2,450 people have lost their jobs nationwide.

The popularity of on-line shopping also had a hand in the death of the company.

Other companies in trouble

Syms is not alone. Another Secaucus-based company, Annie Sez, is reportedly undergoing financial trouble after owner Big M Inc., which also owns Mande, was seeking to reorganize and shut some locations, according to *Bloomberg* news reports.

Sears and Kmart stores, both of which also have long histories and which have had to compete with popular "big box" stores like Target, have slated 100 stores for closing this year.

Shopping no longer what it used to be

In 1959, when Sy Syms (born Sy Merinsky) opened his apparel business in New York's financial district, it was President Dwight Eisenhower's Wall Street, with traders sitting at old wooden desks calling out stock prices. It would be a few years before Paul Amico was elected as Mayor of Secaucus and ushered in an era of major development within the municipality that would pave the way for the future of the Harmon Cove area and Secaucus outlets, where Syms had a store.

Men wore single-breasted, charcoal gray flannel suits with light blue button-down shirts and striped ties. Women wore short jackets, sleeveless dresses with fitted waists, and shin-length skirts.

In the 1970s Founder Syms starred in commercials that featured the company's slogan, "An Educated Consumer Is Our Best Customer." He was credited with coming up with the line. The company continued to use the slogan up until April 2011.

http://www.hudsonreporter.com/view/full_story/17132909/article-Goodbye-to-Syms-Longtime-retailer--HQ%E2%80%99d-in-Secaucus--closes-its-doors-?instance=home_Most_popular

Syms, Filene's Win Approval of Retention Bonus Program

Liquidating retailers Syms Corp. and subsidiary Filene's Basement LLC received approval from the bankruptcy judge this week for a \$650,000 bonus program to retain the few workers required to wind down the business.

Management-level workers are eligible for a bonus equal to a month-and-a-half salary for every three months working on the liquidation, assuming the worker remains with the company as long as needed. Non-management workers would qualify for a bonus of one month's salary for every three months of remaining employment.

Syms and Filene's completed going-out-of-business sales at all stores by the end of December. They disposed of their leases, leaving mostly real property for later sale or retention as the basis for a reorganization.

Syms said from the outset that the Chapter 11 case in Delaware will be a solvent liquidation, with cash left over for shareholders. The stock closed yesterday at \$9.86, down 1.4 percent in over-the-counter trading.

Syms, based in Secaucus, New Jersey, purchased Filene's through a bankruptcy auction in June 2009 in Filene's second venture through Chapter 11. At the outset of the Chapter 11 case on Nov. 2, there were 25 Syms stores and 21 Filene's locations.

Assets were listed in the Chapter 11 petition for \$236 million, including real estate on the books for \$97.7 million. Liabilities were listed at \$94 million, including \$31.1 million owing on a revolving credit with Bank of America NA as agent. In addition, there were \$11.1 million in letters of credit outstanding on the revolver.

The case is *In re Filene's Basement LLC*, 11-13511, U.S. Bankruptcy Court, District of Delaware (Wilmington).

<http://news.businessweek.com/article.asp?documentKey=1376-LY2FHA1A74E901-3O95BRN0H4CN790PK8S44NVRG9>

Slate

The End of Retail

Troubles at Sears are just the latest sign that big-box chains may never recover from the Great Recession.

By [Matthew Yglesias](#) | Posted Tuesday, Jan. 17, 2012, at 1:04 PM ET



Are Sears and other big-box stores doomed by the Internet?

Photograph by Spencer Platt/Getty Images.

In its midcentury heyday, Sears, Roebuck & Co. was the Wal-Mart of its era—the largest retailer in the world with more than 350,000 employees. But it is in an epic freefall. After decades of decline, the Sears ended up in the hands of investment manager Edward Lampert, who purchased the company in 2004 and merged it with Kmart. The new combined entity, known as Sears Holdings Corporation, was consistently losing money even before the recession. The Sears Tower, the company's iconic skyscraper, no longer houses any Sears' employees and—the ultimate indignity—had its name changed to the Willis Tower in 2009. On Dec. 27, it announced that in light of poor holiday sales, 100-120 Sears and Kmart stores would have to close. An even bigger blow came last Friday when CIT Group said it would no longer provide loans to Sears vendors.

CIT is not a household name, but it's the largest player in what's known as the "factoring" industry. Factoring companies offer short-term loans to manufacturers so that they can produce goods for retailers in exchange for a percentage of the total order.

Sears claims there's no problem here, noting that CIT-factored goods are less than 5 percent of its total inventory. But this is clearly a vote of no confidence in a major American brand, and it sent Sears [scrambling to implore other lenders](#) not to pull the plug. Credit default swaps offering insurance against a Sears default on its debt obligations [jumped to a record high](#). Markets believe that the end is likely nigh.

Sears is by no means alone among troubled major national retailers. Circuit City, the No. 2 electronics retail chain in America, [filed for Chapter 11 bankruptcy protection](#) in November 2008 and now lives on merely as a [URL](#) owned by online electronics retailer Systemax. Borders bookstore filed for Chapter 11 last September, only to find that nobody wanted to buy the business at any price, compelling it to liquidate. [Filene's Basement was sold in April 2009 to Sym's, but that combined firm headed into](#)

liquidation last November. And Barnes & Noble, rather than seeing its sales lifted by the collapse of its main rival, **has watched its stock take a pummeling** even as sales of its Nook e-reader rise, prompting efforts to **spin the device off as a separate entity** rather than lash it to the corpse of a dying retail chain.

Tolstoy wrote that each unhappy family is unhappy in its own way, but while each troubled big-box chain has a unique story, there's a common enemy: the Internet.

Online retail sales this past November and December **were up 15 percent** compared with late 2010. In the third quarter of 2001, e-commerce sales were 3 percent of all retail (including food) sales in America. By the third quarter of 2011 (i.e., before the Christmas surge was fully incorporated into the data), that was over 12 percent. The move toward online shopping is relentless, driven by both convenience and the ability of Web-based retailers to largely avoid paying sales taxes. As mobile devices become even more useful for shopping, online retailers will grow faster.

There has been a furious recent debate about **whether or not** to lament Amazon's ability to put your local independent bookstore out of business, but the debate itself shows what a bad position major chains are in. Some people feel sentimental about independently owned neighborhood stores, and many of them will find ways to turn those good vibes into a viable business strategy. But nobody feels sentimental about Kmart and Sears. That's why the mall vacancy rate is **still near its recessionary high point**, even though retail sales **have revived**. Individual big-box retailers may still prosper, of course. Wal-Mart, for example, may well succeed in its effort to push into the big city markets that have thus far eluded it. But that kind of growth will come largely at the expense of existing supermarkets and other incumbents. As a whole, the big boxes will find themselves fighting over a brick-and-mortar retail pie that will almost certainly be stagnant or shrinking even if overall economic growth strengthens. Sears may go down sooner than some of its competitors, but at least, **like Woolworth before it**, it'll leave an iconic skyscraper behind as its legacy. Most will simply vanish without a trace.

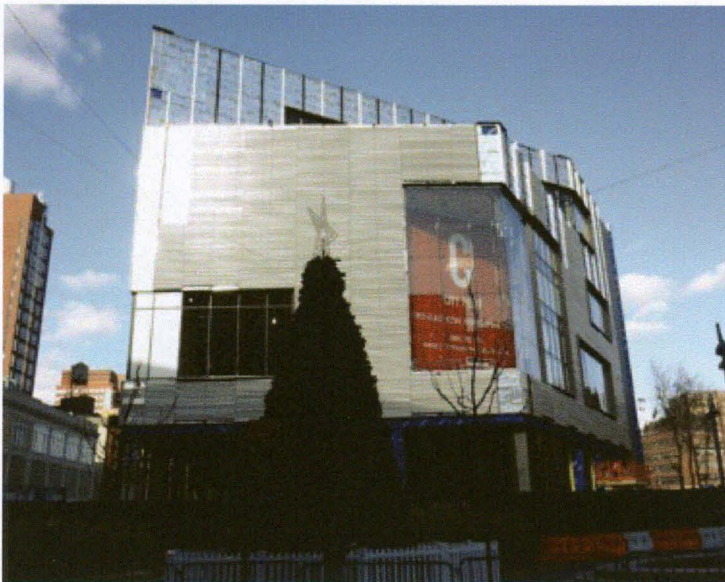
http://www.slate.com/articles/business/moneybox/2012/01/sears_and_kmart_how_the_great_recession_may_have_killed_big_box_chains_forever.html

THE NEW YORK OBSERVER

TALES OF RETAIL

Discounts Galore! Century 21 May Bring Bargains to Fulton Mall

By Matt Chaban 1/18 11:40am



Shiny new sales. (Brownstoner)

If the Fulton Mall is being transformed, it is only so much. The strip is being glammed up, stocked with major national retailers, at the cost of the mom and pops who have called the mall home for decades.

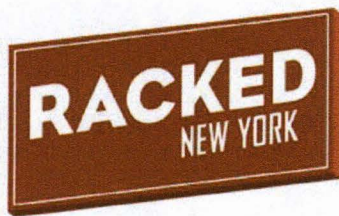
Still, things are not changing so much. As previously, pretentiously noted, Smith Street it ain't, nor is it going to be. This is still a discount strip. From H&M to Target, the Gap to the almost-Filene's, the newcomers have been far from high end—not counting the hamburgers. For further proof of the trend toward the same, welcome Century 21 to the neighborhood.

According to the *Post*, [the discount dandies are poised to sign a 100,000-square-foot lease](#) for the upper floors of the soon-to-open City Point mall under construction on the old Albee Square Mall site. That's twice the size of the on-target Target, which is technically not official but that everyone has been talking about for years.

The move makes sense, this being the third busiest retail strip in the city, better than Madison Avenue or the company's downtown location. The company has been expanding at a healthy clip, [almost doubling its downtown store](#) and opening another near Lincoln Center last year. There is one in Brooklyn already, out in Bay Ridge.

Now all the mall needs is [an Apple Store](#).

<http://www.observer.com/2012/01/discounts-galore-century-21-may-bring-bargains-to-fulton-mall/>



Century 21 Could Be Coming to the Fulton Street Mall

Wednesday, January 18, 2012



Fulton Mall Image via Skyscraper Forum

When Filene's Basement announced its demise, there was a gaping, anticipatory hole in the Fulton Street Mall, as the discount chain was slated to occupy a spot in its expensive revamp. But fear not, because Fulton Street landlords have found a replacement: The Post reports that a new Century 21 might be on its way.

Sources says that a lease has been sent to Century 21 for a large, 10,000 100,000 square-foot store. As a refresher, rents on the strip can hit \$200+ per square foot (upper floors are closer to \$100), so according to the Post's math, signing Century 21 could be worth a whopping \$4 million.

http://ny.racked.com/archives/2012/01/18/century_21_could_be_coming_to_the_fulton_street_mall.php

THE DAILY FREE PRESS

The Independent Student Newspaper at Boston University

Clearing Out Filene's Basement

Written by Yazhou Sun

Published Jan 22, 2012

Retailer Filene's Basement filed for bankruptcy on November 2, 2011, and the store is officially dead and gone as of this month.

The end is here. Brides will be running wild without the existence of the legendary discount retailer Filene's Basement. The store had filed for bankruptcy on Nov 2, 2011. According to Boston.com, this was the chain's third financial crisis in just this decade. According to the Syms Corp. website, all of their stores are officially closed.

The store started in January 1909 when Edward Filene opened his "bargain basement" shop to clear out merchandise from his family's Filene's department store upstairs, eventually leading other retailers like Sachs and Barneys to bring their unsold goods to him.

The Basement, launched more than a century ago, is known for its "automatic markdown" system and "Running of the Brides" wedding gown sales events. Filene's first Bridal Gown sale was held in 1947. At the annual event, shoppers strip the racks and change in the aisles to find the ultimate dress bargain.

Syms Corp. filed a voluntary Chapter 11 petition in Delaware in November and has liquidated both of its nameplates, according to New York Times. Syms Corp., best known for the motto "an educated consumer is our best customer" was founded in 1959 by Sy Syms. Once viewed as a potential savior, Syms bought Filene's Basement in a bankruptcy court auction for \$63 million in June 2009.

In a press release, Syms chief executive Marcy Syms said that fierce competition in the retail industry, along with the "worst economic downturn in our lifetimes," were among the reasons for the move.

"The filings today are the result of a process that has been taking place for several months," Syms said. "Our board has conducted a rigorous assessment of all the strategic options and alternatives available and after careful consideration has come to the conclusion that a bankruptcy filing and liquidation is the best way of maximizing value for all stakeholders."

A SHAKY HISTORY

According to Hoover's company records, the retailer operates about 25 stores under the Filene's Basement in Massachusetts, New York, and half a dozen other states and the District of Columbia.

The company went public as Filene's Basement in 1991 and ventured outside the Northeast with stores in Chicago (1991) and the Mall of America in Minneapolis/St. Paul (1992). It also opened stores in Washington, DC (1993), and New York City (1993).

According to Encyclopedia, Filene's Basement closed 10 stores and lost almost \$32 million in 1996 due to soft retail conditions. Although the retailer added home goods to its stores in 1997, losses continued due to poor sales. Battered by competition from larger discount chains, Filene's Basement filed for Chapter 11 bankruptcy protection in August 1999, citing a lack of inventory as well as slumping sales. The company later closed 34 locations, leaving a concentration in New York, Illinois, and Massachusetts. Filene's Basement's stock was subsequently delisted from Nasdaq. Finding itself on the clearance rack, the Filene's Basement name was acquired by Value City Department Stores in 2000, which then began operating its 14 remaining locations; it closed down Filene's Basement's Aisle 3 chain (a short-lived concept launched in 1999 with stores operated only Friday through Sunday), but reopened several locations in Washington, DC.

SORROW CANNOT BE DISCOUNTED

Loyal, nostalgic, and sad shoppers made their final visits to Filene's Basement Newton store on Dec 30, 2011. The store was almost stripped off.

The two huge signs over the doors at the last Filene's Basement to close in Boston said, "All items need to be gone!" and "80-90% off!"

Tatiana Shanler, a regular customer who has been shopping at Filene's for over 16 years, said she remembers finding a beautiful dress and how she would hide it at the back of the rack and wait for another price drop.

Bora Panduku, a native of Newton, MA, said she was happy about the sale, but heartbroken about the store going out of business.

"I've been shopping here since I was a little girl. I would return everything I got today if I could get the store back," said Panduku.

Chris Daly, professor of Journalism at Boston University's College of Communication and a native Bostonian, said over email that Filene's Basement's success had a lot to do with a particular time.

"In Boston, most people were famously not fashionable during that era. Instead, they were famously frugal. The Bostonian culture dictated that even the wealthiest should hide their wealth and wear sweaters with holes in them and keep a modest summer home near a lake or the ocean. Filene's fit perfectly with this ethos," said Daly.

Daly said the hunt in Filene's Basement is always unpredictable. You never knew what you would find there.

"It really rewarded people like my father, who worked in an office building downtown," he said. On a lunch break, or after work, people who worked downtown could cruise through there on a regular basis and spot special bargains."

Lou Ureneck, a COM professor of Business Journalism, was also sad at the passing of Filene's Basement.

"From time to time, I would make my way to the store—when it was at Downtown Crossing, then more recently on Boylston Street—to find a good deal on a pair of shoes, a sport coat or a tie," said Ureneck. "The store was a part of Boston life for decades, and its annual wedding gown sale was a combination mob scene and commercial ritual that required, for the women involved, a stout heart and a temporary suspension of modesty."

"The store's passing is especially difficult for its employees—many of whom would go out of their way to help customers navigate the racks and give honest opinions about how a piece of clothing fit or didn't fit. They harked back to a time when retailing on the floor could be a life-long career," Ureneck said.

WHY DIDN'T IT WORK OUT?

Joseph Restuccia, professor of Operations Management at BU's School of Management, said Filene's Basement used to be a paradise for those who have "patience and time." But as the company started stretching out to other parts of the city, Filene's gradually lost its uniqueness. "They opened different branches around the state, which cause a management problem."

Professor Restuccia also pointed out that Filene's Basement used to be one of a kind when it made its debut in 1909. "It was the only store where you could get merchandise as good as in Sachs and Barneys. But as more and more brand name shops have their own outlets, Filene's is no longer customers' top priority."

James Post, SMG professor of Strategic Management, said over email that Filene's Basement's story is similar to Eastman Kodak's. Eastman Kodak just filed for bankruptcy last week.

Post said, "They both shared great history, appealing product and original concept and a failure to stay up to date with current trends and developments. Any business has to stay aware of customer tastes and trends. Adapting to new realities is essential. You can't live in the past."

<http://dailyfreepress.com/2012/01/22/clearing-out-filenes-basement/>



Syms Examiner Fight Delayed For Ch. 11 Plan Talks

By Lance Daroni

Law360, Wilmington (January 24, 2012, 9:27 PM ET) -- A Delaware bankruptcy judge on Tuesday postponed a hearing on [Syms Corp.](#)'s bid for an examiner to probe alleged misconduct by the defunct retailer's management to allow for talks between the debtors and disgruntled minority shareholders on a Chapter 11 plan.

In December, Syms asked the court to tap the examiner so an independent party could weigh potential claims — first raised by shareholders — for breach of fiduciary duty and mismanagement against the clothing retailer's directors and officers.

But an equity committee representing minority shareholders prefers that the claims be placed in a litigation trust and investigated later pursuant to a liquidation plan, and moved to delay a scheduled February hearing on the examiner motion.

"The equity committee believes that the debtors' proposed self-examination will waste limited estate resources and delay and distract parties from negotiating and soliciting one or more Chapter 11 plans and a swift emergence from bankruptcy," the committee said in its motion.

U.S. Bankruptcy Judge Kevin J. Carey granted the equity committee's request at a hearing on Tuesday, delaying the examiner motion to a proceeding on March 7.

The potential claims against management — first broached by the chair of the equity committee, Esopus Creek Value Series Fund LP — relate to the discount clothing retailer's infusion of \$39 million to prop up subsidiary Filene's Basement LLC since acquiring the rival out of bankruptcy in 2009, along with certain real estate deals following the ill-fated union.

The equity committee has expressed concerns throughout the case that value due to shareholders of Syms, which is solvent, might be diverted to unsecured creditors of Filene's, which is deeply underwater. The retailers have already liquidated around \$65 million worth of

inventory at their stores and Syms is currently working to sell off its valuable real estate to pay back creditors and shareholders.

Jeff Feinberg, the company's chief restructuring officer, testified at the hearing that the company's real estate holdings are worth between \$135 million and \$185 million.

Syms attorney Mark Chehi of Skadden Arps Slate Meagher & Flom LLP told Judge Carey that he doubted the debtors could reach a consensus with the equity committee on a liquidation plan, pointing to the committee's bevy of objections to fees for estate professionals and its "hostile attitude" toward CEO Marcy Syms — the company's majority shareholder and a potential litigation target.

In an objection to Skadden's retention, the equity committee asked the court to curb Skadden's role in plan negotiations due to potentially conflicting loyalties owed to Marcy Syms, a longtime client of the firm, and other creditors.

Secaucus, N.J.-based Syms bought Filene's out of bankruptcy in 2009 for \$62.4 million. But the expected synergies between the discount clothing retailers didn't pan out, attorneys for the companies have said. The current economic upheaval also created intense competition in their niche, leading the companies to file for court protection Nov. 2.

Syms is represented by Mark S. Chehi, Jay Goffman, Nancy Lieberman, Morris Kramer and Mark McDermott of Skadden Arps Slate Meagher & Flom LLP.

The equity committee is represented by Robert J. Dehney, Gregory W. Werkheiser and Matthew B. Harvey of Morris Nichols Arsht & Tunnell LLP and Thomas B. Walper, Seth Goldman and Bradley R. Schneider of Munger Tolles & Olson LLP.

The case is In re: Filene's Basement LLC, case number 1:11-bk-13511, in the U.S. Bankruptcy Court for the District of Delaware.

--Additional reporting by Carolina Bolado. Editing by Andrew Park.

<http://www.law360.com/bankruptcy/articles/302931/syms-examiner-fight-delayed-for-ch-11-plan-talks>

Bloomberg Businessweek

January 27, 2012 1:43 PM

Syms Equity Committee Survives; Fees May Be Cut Later

The official shareholders' committee for liquidating retailers Syms Corp. and subsidiary Filene's Basement LLC won't be disbanded at this time, the U.S. Bankruptcy Judge in Delaware said yesterday. At a hearing March 7, the judge said he may limit the amount the equity committee and everyone else can spend on attorneys and other professionals.

The U.S. Trustee appointed the equity committee in November based on the company's statement that it's solvent, with money left over from liquidation for distribution to shareholders. The creditors' committee filed a motion in November to disband the committee or limit how much it could spend.

U.S. Bankruptcy Judge Kevin J. Carey declined to disband the committee yesterday, although he did so in a manner that allows the creditors' committee to renew the request if circumstances change.

Carey scheduled a March 7 hearing to decide if the equity committee should be limited in how much it can spend. Carey said he will also "consider expanding this alternative request for relief to cover all professionals retained in the case."

Syms and Filene's completed going-out-of-business sales at all stores in December and disposed of their leases, leaving mostly real property for later sale or retention as the basis for a reorganization.

Syms, based in Secaucus, New Jersey, said from the outset that the Chapter 11 case will be a solvent liquidation, with cash left over for shareholders. Yesterday, the stock closed at \$10, unchanged in over-the-counter trading.

Syms purchased Filene's through a bankruptcy auction in June 2009 in Filene's second venture through Chapter 11. At the outset of Chapter 11 case on Nov. 2, there were 25 Syms stores and 21 Filene's locations.

Assets were listed in the Chapter 11 petition for \$236 million, including real estate on the books for \$97.7 million. Liabilities were listed at \$94 million, including \$31.1 million owing on a revolving credit with Bank of America NA as agent. In addition, there were \$11.1 million in letters of credit outstanding on the revolver.

The case is In re Filene's Basement LLC, 11-13511, U.S. Bankruptcy Court, District of Delaware (Wilmington).

<http://news.businessweek.com/article.asp?documentKey=1376-LYFF1N07SXX01-7UEKVI9AVC247QAJLPHJFJ8QU>



Syms, Filene's Creditors Can't Disband Equity Committee

By Lana Birbrair

Law360, New York (January 27, 2012, 4:41 PM ET) -- A Delaware bankruptcy judge on Thursday refused to disband the committee representing equity holders in the [Syms Corp.](#) and Filene's Basement LLC bankruptcy despite requests by unsecured creditors who said the group was unnecessary because managers and directors own so much Syms stock.

U.S. Bankruptcy Judge Kevin J. Carey denied without prejudice a motion by the official committee of unsecured creditors to break up the official committee of equity security holders and adjourned until March 7 a hearing on the creditors' request to limit the scope of the equity committee's work and cap at \$500,000 the amount of legal fees and expenses for which it could be reimbursed.

The unsecured creditors had asked Judge Carey to disband the equity committee in November, noting that the debtors' management and directors own nearly 55 percent of Syms' common stock, meaning that the interests of the debtors' board of directors would be directly aligned with the interests of Syms' minority equity holders.

On Nov. 15, the U.S. trustee appointed the equity committee, tapping Esopus Creek Value Series Fund LP, a fund of the Franklin Value Investors Trust and DS Fund I LLC as members.

The equity committee shot back in December, arguing that because Syms has an equity value surpassing \$150 million and is solvent by a wide margin, while its subsidiary, Filene's Basement, is insolvent, the unsecured creditors were trying to cash in on Syms' better fortunes.

"The unsecured creditors of Filene's Basement therefore would like nothing better than to capture some of Syms's equity value for themselves, whether through substantive consolidation or otherwise," the equity committee said in a December memo. "So it would

seem uncontroversial that Syms's shareholders need an official committee to advocate on their behalf."

Disbanding the committee could have made the road bumpier for investors, who were told at the beginning of the case that they were likely to recover some of their funds — an unusual scenario in bankruptcy settings, where usually not enough money is left after creditors and lenders are paid to allow anything for shareholders.

Secaucus, N.J.-based Syms bought Filene's out of bankruptcy in 2009 for \$62.4 million. But the expected synergies between the discount clothing retailers didn't pan out, and the current economic upheaval created intense competition in their niche, leading the companies to file for court protection Nov. 2.

Syms listed assets of \$228 million and debts of \$57 million as of September in its bankruptcy petition, which also names subsidiaries Syms Clothing Inc. and Syms Advertising Inc.

The company operates a chain of off-price retail stores in 13 states that sell a broad range of designer and brand-name labels. Founded in 1959 by Sy Syms, it operates 21 stand-alone stores, mostly in the Northeast.

Filene's Basement, which was founded in Boston in 1909, operates 20 stand-alone stores. There are also five joint Syms/Filene's Basement stores.

The bankruptcy is Filene's third stint in Chapter 11, the first in 1998 after a massive but unsuccessful expansion strategy and the second in May 2009, resulting in the sale to Syms.

Representatives for the parties were not immediately available for comment Friday.

The unsecured creditors are represented by Michael J. Merchant, Paul N. Heath, Zachary I. Shapiro and Marisa Terranova of Richards Layton & Finger PA, and Mark T. Power, Janine M. Cerbone and Alison M. Ladd of Hahn & Hessen LLP.

The equity committee is represented by Matthew B. Harvey, Robert J. Dehney and Gregory W. Werkheiser of Morris Nichols Arsht & Tunnell LLP and Thomas B. Walper, Seth Goldman and Bradley R. Schneider of Munger Tolles & Olson LLP.

The case is In re: Filene's Basement LLC, case number 1:11-bk-13511, in the U.S. Bankruptcy Court for the District of Delaware.

--Additional reporting by Hilary Russ and Lance Daroni. Editing by Lindsay Naylor.

<http://www.law360.com/bankruptcy/articles/303884/syms-filene-s-creditors-can-t-disband-equity-committee>



Syms Shareholders Ask To Submit Ch. 11 Plan

Law360, Wilmington (February 03, 2012, 9:09 PM ET) -- A committee representing [Syms Corp.](#) shareholders asked a Delaware bankruptcy judge on Friday for permission to file a Chapter 11 plan that would reorganize the defunct clothing retailer as a real estate holding company.

In a motion to end the debtors' exclusive right to propose a plan, the equity committee said shareholders have been kept out of the loop on plan negotiations, and that the liquidation plan being drafted by Syms would not garner top dollar for the company's valuable real estate.

"Exclusivity serves no purpose in these circumstances other than to give the debtors additional leverage to impose a plan on shareholders that was negotiated without any input from the shareholders' representative," the committee said.

The plan being contemplated by the shareholder committee, on the other hand, would create a real estate holding company — financed with a combination of debt, an equity rights offering or a new investment partner — to take full advantage of the real estate assets, according to the motion.

At a recent court hearing, Syms' chief restructuring officer estimated the value of those assets at between \$135 million and \$180 million.

"Put simply, the equity committee's plan will achieve a quick exit from bankruptcy for Syms, pay allowed claims against Syms in full, and maximize the recovery to Syms' equity holders," the committee said.

"At the very least, Syms' shareholders should be given the chance to decide for themselves which approach — liquidation or reorganization — they prefer," it added.

The retailers have already liquidated around \$65 million worth of inventory and other assets at their stores and the remaining real estate has shareholders expecting a substantial recovery in the case — an unusual scenario in bankruptcy settings. Syms, unlike Filene's, owned the real estate where its stores were located.

The equity committee has expressed concerns throughout the case that value due to shareholders of Syms might be diverted to unsecured creditors of subsidiary Filene's Basement LLC, which is deeply underwater and was propped up prior to the bankruptcy with \$39 million from its parent.

Secaucus, N.J.-based Syms bought Filene's out of bankruptcy in 2009 for \$62.4 million. But the expected synergies between the discount clothing retailers didn't pan out, attorneys for the companies have said. The current economic upheaval also created intense competition in their niche, leading the companies to file for court protection Nov. 2.

An attorney for Syms did not immediately respond to a call seeking comment on Friday.

Syms listed assets of \$228 million and debts of \$57 million as of September in its bankruptcy petition.

The company operated a chain of off-price retail stores in 13 states that sold a broad range of designer and brand-name labels. Founded in 1959 by Sy Syms, it operated 21 standalone stores, mostly in the Northeast.

Filene's Basement, which was founded in Boston in 1909, operated 20 standalone stores. There also were five joint Syms/Filene's Basement stores.

Syms is represented by Mark S. Chehi, Jay Goffman, Nancy Lieberman, Morris Kramer and Mark McDermott of Skadden Arps Slate Meagher & Flom LLP.

The equity committee is represented by Robert J. Dehney, Gregory W. Werkheiser and Matthew B. Harvey of Morris Nichols Arsht & Tunnell LLP and Thomas B. Walper, Seth Goldman and Bradley R. Schneider of Munger Tolles & Olson LLP.

The case is In re: Filene's Basement LLC, case number 1:11-bk-13511, in the U.S. Bankruptcy Court for the District of Delaware.

--Additional reporting by Carolina Bolado. Editing by Cara Salvatore and Sarah Golin.

<http://www.law360.com/bankruptcy/articles/306597/syms-shareholders-ask-to-submit-ch-11-plan>

Bloomberg

By Bill Rochelle - Feb 06, 2012

Syms' Equity Group Proposes Reorganization, Not Liquidation

The official shareholders' committee for liquidating retailers Syms Corp. and Filene's Basement LLC filed papers on Feb. 3 for permission to propose a rival Chapter 11 plan where the liquidating retailers would be reorganized as a real estate holding company paying creditors in full. Last month, the shareholders' committee fended off an attempt by the creditors' committee to have the equity panel disbanded.

The equity committee says it believes the company will file a "liquidation plan" that "will destroy substantial equity value."

If the bankruptcy court ends the company's exclusive right to propose a reorganization plan at a March 7 hearing, the shareholders say they will submit a plan to pay Syms creditors in cash in full. The plan will hold cash aside to cover Filene's creditors if they are determined to have claims to be paid from Syms' assets.

To finance operations as a real estate holding company, the equity committee says there will be a combination of debt financing and an equity rights offering. Alternatively, there might be "a new real estate investment partner," the filing said.

The equity committee says Syms hasn't disclosed the nature of the company's forthcoming plan, aside from saying it will be negotiated with the creditors' committee and not the equity committee.

The shareholders propose that the judge allow their plan to be voted on by creditors in tandem with the company's proposal.

Syms and Filene's completed going-out-of-business sales at all stores in December and disposed of their leases, leaving mostly real property for later sale or retention as the basis for a reorganization. Syms said from the outset that the Chapter 11 case will be a solvent liquidation, with cash left over for shareholders. On Feb. 3, the stock rose 36 cents to \$10.46 in over-the-counter trading.

Secaucus, New Jersey-based Syms purchased Filene's through a bankruptcy auction in June 2009 in Filene's second venture through Chapter 11. At the outset of Chapter 11 case on Nov. 2, there were 25 Syms stores and 21 Filene's locations.

Assets were listed in the Chapter 11 petition for \$236 million, including real estate on the books for \$97.7 million. Liabilities were listed at \$94 million, including \$31.1 million owing on a

revolving credit with Bank of America NA as agent. In addition, there were \$11.1 million in letters of credit outstanding on the revolver.

The case is In re Filene's Basement LLC, 11-13511, U.S. Bankruptcy Court, District of Delaware (Wilmington).

<http://sfgate.idc.bloomberg.wallst.com/SFChronicle/Story?docId=1376-LYU7CX1A1I4H01-51RUAN8G4NJGAT134CQKH72QAU>



NY Landlord Says DSW Must Pick Up Filene's Lease

By **Jake Simpson**

Law360, New York (February 13, 2012, 6:47 PM ET) -- The landlord of a Manhattan retail complex filed a breach of contract suit against shoemaker [DSW MS LLC](#) in New York state court Friday, claiming DSW is responsible for a commercial lease that belonged to now-bankrupt [Filene's Basement](#) through 2024.

The landlord, 4 Union Square South LLC, said DSW is legally on the hook for the remainder of the lease because of its May merger with [Retail Ventures Inc.](#), Filene's former owner, which assumed the liability from Filene's during bankruptcy proceedings.

The dispute centers on a guarantor's agreement signed by Retail Ventures, then Filene's parent company, as part of its 20-year lease agreement in 2004. The agreement required Retail Ventures or its successors to assume full responsibility for rent payments for the duration of the lease if Filene's fell into default, the landlord said.

After Filene's filed for Chapter 11 bankruptcy in 2009, its interest in the lease was transferred to Retail Ventures during court proceedings. The lease was then transferred to DSW as a contingent liability when the shoemaker merged with Retail Ventures in May, according to a proxy statement sent to shareholders of both companies in April.

Retail Ventures then defaulted on the lease by initiating Chapter 11 proceedings in November, the landlord said Friday. But DSW refused to pay off the outstanding rent or assume future responsibility for the lease, citing a 2009 lease modification agreement between Retail Ventures and the landlord that it claimed abrogated the original lease guarantee.

The landlord said in Friday's complaint that the text of the 2004 guarantee agreement

contradicts DSW's claim.

"The third paragraph of the guarantee provides that the guarantor will continue to be liable ... notwithstanding any modification of the lease," the firm said.

Though the remaining value of the lease was not disclosed, it is believed to be in excess of \$15 million.

The landlord asked the court to declare that DSW is liable for current and future lease payments under the 2004 agreement and grant a monetary judgment against DSW for the outstanding rent balance of about \$950,000 plus interest and attorneys' fees.

Sullivan & Cromwell LLP partner Robert J. Giuffra Jr., attorney for the landlord, declined to comment.

A DSW spokesman did not return a call.

The landlord is represented by Robert J. Giuffra Jr., Marc De Leeuw, Jennifer H. Blecher and Joshua D. Glickman of Sullivan & Cromwell LLP.

Counsel information for DSW was not immediately available.

The case is 4 USS LLC v. DSW MS LLC, case number 650383/2012, in the Supreme Court of the State of New York, County of New York.

--Editing by Kat Laskowski.

<http://www.law360.com/newyork/articles/308864/ny-landlord-says-dsw-must-pick-up-filene-s-lease>



Lehman Debt Trades Fell to \$1.9 Billion in January, Report Says

By Linda Sandler - Feb 14, 2012 9:00 AM ET

[Lehman Brothers Holdings Inc. \(LEHMQ\)](#) investors traded about \$1.9 billion of the defunct investment bank's debt last month as they awaited news of their first payout after three years of bankruptcy, down about 47 percent from more than \$3.6 billion in December.

Lehman debt accounted for 85 percent of all trading in claims on bankrupt companies in January, SecondMarket Holdings Inc. said in a report released today. Wireless company DBSD North America Inc., which Dish Network Corp. has agreed to buy, placed second on the list of largest amounts traded, with a single transaction of \$110.4 million, the report said.

Lehman said on Jan. 28 it may initially distribute \$8.1 billion to \$10.7 billion this quarter to creditors, ranging from [Goldman Sachs Group Inc. \(GS\)](#) to individual bondholders. A judge in December approved a \$65 billion liquidation plan that would pay the average creditor less than 18 cents on the dollar in the next few years.

There were 597 trades in Lehman debt in January. **Filene's Basement LLC** had the second most trades, at 71, for a total face value of \$2.2 million. There were eight trades in claims on Los Angeles Dodgers LLC, totaling \$142,431, according to the report.

All amounts refer to the face value of the claims, not the trading prices, which reflect payment prospects and aren't disclosed.

December trades in Lehman debt exceeded \$3.6 billion, out of \$3.8 billion of total claims traded during the month, SecondMarket said.

Once the world's fourth-biggest investment bank, New York-based Lehman filed the biggest U.S. bankruptcy in history in 2008 listing debt of \$613 billion.

The case is In re Lehman Brothers Holdings Inc., 08-13555, U.S. Bankruptcy Court, Southern District of New York (Manhattan).

<http://www.bloomberg.com/news/2012-02-14/lehman-debt-trades-fell-to-1-9-billion-in-january-report-says.html>



Syms Panels Agree With April 10 Exclusivity Extension

By Bill Rochelle - Mar 05, 2012

Retailers Syms Corp. and Filene's Basement LLC and the two official committees of creditors and shareholders have been meeting face-to-face since January to discuss terms for a Chapter 11 plan. The two committees agreed that the companies' exclusive right to file a plan can be pushed out to April 10.

There is a scheduled hearing on April 10 where the equity committee can ask the bankruptcy court to end the companies' exclusivity so shareholders can file a reorganization plan to reconstitute Syms as a real estate holding company intended to pay creditors in full.

The equity committee is afraid Syms will file a "liquidation plan" that "will destroy substantial equity value."

In the new motion for longer exclusivity, Syms said the companies' assets and debt are both more than \$100 million.

Syms and Filene's completed going-out-of-business sales at all stores in December and disposed of their leases, leaving mostly real property for later sale or retention as the basis for a reorganization. At the outset of the Chapter 11 case, Syms said the parent company is solvent, with cash left over for shareholders. On March 2, the stock closed at \$11, up 70 cents a share in over-the-counter trading.

Secaucus, New Jersey-based Syms purchased Filene's through a bankruptcy auction in June 2009 in Filene's second venture through Chapter 11. At the outset of Chapter 11 case on Nov. 2, there were 25 Syms stores and 21 Filene's locations.

Assets were listed in the Chapter 11 petition for \$236 million, including real estate on the books for \$97.7 million. Liabilities were listed at \$94 million, including \$31.1 million owing on a revolving credit with Bank of America NA as agent. In addition, there were \$11.1 million in letters of credit outstanding on the revolver.

The case is In re Filene's Basement LLC, 11-13511, U.S. Bankruptcy Court, District of Delaware (Wilmington).

<http://sfgate.bloomberg.com/SFChronicle/Story?docId=1376-M0A2ER0YHQ0X01-ONGFQB04HNOIP29HNBSMRMI0UP>

Number of “Chapter 22” filings jumps

Companies that file for bankruptcy don't always emerge strong enough to withstand the rocky economy

BY ASHLEY POST
March 7, 2012

An increasing number of companies are experiencing déjà vu when it comes to bankruptcy.

BankruptcyData.com, which tracks bankruptcy filings, found that the number of companies filing for “Chapter 22”—meaning they're filing for Chapter 11 a second time—has jumped in the first two months of 2012. Four of the 17 public companies that have filed for bankruptcy this year are repeat filers. A total of six companies filed for “Chapter 22” in 2011.

In mid-January, Wonder Bread- and Twinkie-maker [Hostess Brands Inc.](#) filed for bankruptcy a second time just two years after its first filing. The company cited the weak economy and pension- and medical-benefit cost obligations as factors in its “Chapter 22” filing. The three other repeat filers this year include Buffets Inc., known for its family-style restaurant chain Old Country Buffet; ocean shipper TBS International; and boat-maker Fountain Powerboats Industries Inc.

Experts say companies typically have to file for bankruptcy a second time when they still have too much debt after their first Chapter 11 filing. Some companies even end up filing for bankruptcy a third time, such as the clothing retailer Filene's Basement, which filed for “Chapter 33” and ended up liquidating in late 2011.

Ed Altman of the Stern School of Business at New York University told [Thomson Reuters](#) that he expects more repeat filings this year as companies have been using bankruptcy as a means of cutting debt and not addressing other operational problems.

<http://www.insidecounsel.com/2012/03/07/number-of-chapter-22-filings-jumps>

Bloomberg

Echoes

Why Retailers Don't Recover from Bankruptcy: Echoes



Interior of an A&P store, circa 1890. Source: Author's Collection

By Marc Levinson
Mar 7, 2012 2:12 PM ET

On Feb. 27, about 14 months after it filed for bankruptcy, the Great Atlantic & Pacific Tea Co. [won court approval](#) to resume normal operations as a privately held company. If history is a useful guide, the firm that was the world's largest retailer for much of the 20th century will have a hard time regaining its retail luster.

A&P, which at its peak owned almost 16,000 grocery stores in the U.S. and [Canada](#), is the latest in a very long line of retailers that have turned to the bankruptcy courts to fix their problems.

A few have been successful. United Cigar Stores, one of the largest chains of the early 20th century, skated through bankruptcy court in 1932 and emerged to sell cigars for decades more. After a trip through bankruptcy from 1990 to 1992, Federated Department Stores Inc. took over R.H. Macy & Co., itself a product of bankruptcy reorganization. The resulting company, now known as Macy's Inc., is the nation's largest department-store operator.

But for every such success, there have been hundreds of failures. Bruno's, an Alabama company dating to the early days of supermarkets in the 1930s, went bankrupt in 1998, then emerged to go bankrupt once more in 2009. Penn Traffic Co., a New York grocery chain whose origins dated to the 1850s, liked bankruptcy court so much that it made three visits before closing its doors for good in 2009.

Montgomery Ward, founded as a mail-order house in 1872, filed for bankruptcy in 1997 but couldn't make a go of it even after shedding its debts; it filed again in 2000 and closed up shop. Spiegel, Ward's mail-order competitor for almost a century, emerged from bankruptcy reorganization in 2003 with a new name, Eddie Bauer Holdings, but found itself bust again in 2009.

Why has it proven so difficult for venerable retailers to reorganize successfully in bankruptcy? One reason, shared in common with the thousands of younger retailers that go bust each year, is that the actions that companies typically take in hopes of staving off bankruptcy -- cutting sales staff, deferring store maintenance, reducing inventory, removing light bulbs to cut electricity bills -- tend to drive away shoppers and thus destroy the value of the very brand name the company is trying to save.

Old-line retailers, though, face another obstacle to reviving their businesses: In retailing, venerable usually isn't good.

Once, old retail names carried reputations for fair dealing, good [customer service](#) and financial strength -- think Wanamaker's or **Filene's**. These days, though, shoppers are more likely to associate historic with stodgy. Even if a store has changed formats, labels and

product lines, customers associate it with the way it used to be. The store's name, and the brands that go with it, lose value, or even take on negative value. Just ask the folks at Sears.

The new, post-bankruptcy A&P faces many of the same obstacles. Once, its brands -- Jane Parker cakes and dinner rolls, Ann Page canned goods, White House condensed milk -- were among the most powerful in retailing, and customers from [Maine](#) to [California](#) trusted the A&P name. Now the brands are gone, and if they think of A&P at all, shoppers remember it as the old-fashioned store where their grandmother used to shop. In retailing, a venerable name is a weak foundation on which to rebuild a business.

([Marc Levinson](#)'s most recent book is "The Great A&P and the Struggle for [Small Business](#) in America." The opinions expressed are his own.)

<http://www.bloomberg.com/news/2012-03-07/why-retailers-don-t-recover-from-bankruptcy-echoes.html>



Companies turn to bankruptcy again - and again



By **Caroline Humer**
NEW YORK | Wed Mar 7, 2012 8:27am EST

Bankruptcy can be just about as traumatic as it gets for a company, its employees, customers, and suppliers. The only thing worse - going through it again, and again.

The number of companies making second trips through bankruptcy -- sometimes dubbed "Chapter 22" filings, or Chapter 11 times two -- has jumped in the first two months of 2012.

Four of the 17 public companies that have filed for bankruptcy this year, including Twinkie maker Hostess Brands and family-style restaurateur Buffets, are repeat filers, according to BankruptcyData.com, which tracks filings by publicly traded companies and repeat filings for companies that were once listed on a stock exchange. That compares with six companies that slid back into bankruptcy in all of 2011.

It's not unheard of for a company to file a "Chapter 33." Late last year, clothing retailer **Filene's Basement** filed its third Chapter 11 in 12 years. It has now gone out of business.

Companies often go through bankruptcy as the system seems to encourage - getting out of Chapter 11 with streamlined operations and in better shape to weather economic changes.

When that does not happen, it is often because a company still has too much debt. Lenders are a big factor because they provide the financing, but the blame can also lie with the companies, investors, bankers, lawyers and judges.

"There is too much emphasis on getting out, and getting on with business rather than whether it is going to work," said Ed Altman, the Max L. Heine Professor of Finance at the Stern School of Business at New York University.

Some companies never make it out of bankruptcy, and -- like **Filene's** -- end up liquidating. But for those that do emerge, and then tumble into bankruptcy again, it's a failure of everyone involved, Altman says.

He said he expects more such filings as companies that have used bankruptcy only to cut debt face up to operational problems they have not solved. The cost of repeat bankruptcy includes a new round of legal fees and damaged corporate reputations.

Under the law, judges must ensure a company's reorganization plan is feasible before allowing it to exit bankruptcy. Still, companies do not always emerge in sound enough financial shape to weather an uncertain economy.

Typically, experts say, Chapter 22s increase as overall bankruptcy filings rise. However, the quick takeoff of repeat filings this year comes as the number of bankruptcies continues at the same pace as last year. The 17 total public-company filings so far in 2012 compares with 15 at this point last year.

To date this year, the number of Chapter 22 bankruptcies filed as a percentage of overall bankruptcies is running at a rate that could outpace prior year Chapter 22 filings.

The companies that have filed this year have little in common on the face of it.

Hostess Brands, Buffets Restaurants and ocean shipper TBS International filed for Chapter 11 again. Fountain Powerboats Industries - maker of the Donzi speedboat and Pro-Line and Baja fishing boats - also went back to court again.

Spokesmen for Hostess and Buffets declined to comment. Spokesmen for TBS and Fountain Powerboats did not return calls seeking comment.

PAYING AGAIN AND AGAIN

Each time a company goes bankrupt, it must pay for lawyers and advisers not only for itself, but for its major creditors. In its first bankruptcy, Hostess spent more than \$170 million on professional fees, based on its monthly operating reports.

Bankruptcy the second or third time around often involves a new cast of characters. In bankruptcy, company ownership often shifts from shareholders to secured creditors, who hire a new board and may name new managers. They in turn hire their favorite lawyers and advisers, and decide which court to use.

For Buffets, a 30-year old restaurant group that runs the Old Country Buffet and Hometown Buffet chains, its second bankruptcy is a return trip to the same judge in Delaware it got to know the first time around.

Buffets first filed for bankruptcy in January 2008, blaming weak consumer spending, foreclosures, and high food and energy costs for cutting its cash. It sold restaurants and cut its debt by more than half to about \$250 million.

The company emerged from bankruptcy in April 2009 despite lingering problems as bank lenders demanded expensive new debt and restaurant leases were difficult to negotiate. That collided, post bankruptcy, with weak consumer demand and higher food prices, according to Saul Burian, a managing director at Houlihan Lokey who advised Buffets on its first bankruptcy.

Only a year after exiting bankruptcy, Buffets hired a different adviser and was considering a sale. But no buyer was announced and Buffets filed for bankruptcy again in January. This time, the company plans to tackle the leases, according to the restaurant group's reorganization plan filed in court.

Hostess faced some similar problems. The company filed for its first bankruptcy in 2004, citing declining sales, high food costs, excess capacity and worker benefit expenses. It tackled some issues - closing bakeries and simplifying some union contracts -- but it did not deal with its debt. It went into the first bankruptcy with \$648.5 million in debt, and came out with more than \$800 million, according to court documents.

As a result, the company's second bankruptcy-- after less than three years under the control of private equity firm Ripplewood Holdings -- came as no surprise to some workers.

One union, the Bakery, Confectionary, Tobacco Workers and Grain Millers International Union, accused the company of having "frittered away" union concessions, wasting money on a corporate headquarters move, according to court papers. Hostess Chief Executive Brian Driscoll, though, has blamed legacy worker costs, uncompetitive collective bargaining agreements and debt.

The company's new plan is to eliminate these "crippling" payments and distribution costs it did not tackle the first time, Driscoll wrote in papers filed in U.S. Bankruptcy Court in Manhattan. The previous bankruptcy was in Missouri.

Heavy debt loads are a common problem for companies whose bankruptcies fail, Altman said. Companies often use debt from their secured creditors to keep going after bankruptcy, and the higher the fees on that debt, the more the creditors earn.

High debt loads mean a better chance of defaulting again, Altman said, while companies with less debt and more equity do better after bankruptcy.

"The culprit is the players in the system who have maybe a too short-term horizon," he said.

(Reporting By Caroline Humer; Editing by Martha Graybow,; Phil Berlowitz)

<http://www.reuters.com/article/2012/03/07/us-bankruptcy-repeats-idUSTRE8251N120120307>

Filene's Basement and 'Running of the Brides' trademarks to get final markdown

by Lisa van der Pool

Date: Tuesday, March 27, 2012, 1:20pm EDT

Attention brides: Filene's Basement's famous "Running of the Brides" event may not be dead yet.

Filene's Basement LLC and Syms Corp., which both filed for bankruptcy last November, have filed a motion with the U.S. Bankruptcy Court to get approval to sell off trade names including its well-known "Running of the Brides," the firms said on Tuesday.

The Running of the Brides was a famous annual event at Filene's Basement where brides raced each other for the cheapest designer wedding gown.

Needham, Mass.-based Hilco Streambank is overseeing the sale of intellectual property by both Filene's Basement and Syms, according to a news release.

The IP assets that are expected to be sold at auction including "The Running of the Brides," as well as the Filene's Basement name itself; and the Syms brand, among others.

"Numerous parties have expressed an interest in these famous brands," said David Peress, executive Vice President with Hilco Streambank, in the news release. "This is an opportunity to acquire a wealth of intellectual property associated with two iconic retail chains and the brands they built over generations. This rich history has given these brands a tremendous level of recognition in the Off-Price Retail space."

If the IP sale is approved by the bankruptcy court, bids will be due by May 1, 2012, and the auction will be set for May 3rd.

<http://www.bizjournals.com/boston/news/2012/03/27/filenes-basement-syms-to-sell.html>

Mass. Market

An inside look at the Massachusetts business scene

Filene's Basement could be resurrected in some form through upcoming bankruptcy auction

2012 March 27

by Jon Chesto

Don't bury the Basement just yet.

You can place the blame for the recent demise of the beloved Filene's Basement chain where you want. Poor management decisions under Syms' ownership. The stalled Downtown Crossing development that killed off the flagship store. The overall rough times that the retail industry faces. Regardless of the reason, it still wasn't much fun for us to watch this faded icon of Boston's business world disappear into the history books.

But there could be another chapter to this saga.

As part of the Filene's Basement/Syms bankruptcy, the companies' trademarks (including the "Running of the Brides") and other intellectual property assets (including customer lists) are being put up for sale. Needham-based Hilco Streambank has been shopping the properties since November – either as a group or individually. And now Hilco is ready for the real fun to begin.

According to [documents filed in federal bankruptcy court](#) in Delaware last week, about 20 potential bidders expressed an interest in some or all of these assets. Several of them have already made formal offers, and 13 companies have signed agreements that give them access to confidential data related to the Syms and Filene's Basement trademarks and other intellectual properties. The proposed bankruptcy auction schedule would require all bids in writing by May 1, in time for a May 3 auction and a May 10 sale hearing.

The public documents say virtually nothing about these potential bidders or their motivations. I wouldn't be surprised if a company like [Boston-based Gordon Brothers](#) (who handled the going-

out-of-business sales with a Hilco affiliate) surfaces to buy a recognizable name like Filene's Basement to simply use it for an online store.

What would be more interesting is if an actual retailer sees enough value and enough of a future in the Filene's Basement name to pony up some money to revive it in some form. [The dream scenario](#) would be to see a major operator with ties to the Boston area (that means you, TJX Companies) buy the name and use it to rebuild the old Filene's Basement in Downtown Crossing, especially now that the redevelopment of the old Filene's block [is finally moving forward again](#). The flagship store, with its unique markdown process, was not just a huge draw for tourists and an important part of the shopping district. It was a big money-maker.

So I'll approach the upcoming bankruptcy auction with cautious optimism. The future winning bidder might just be coming to this party solely to pick up the names and contact info of the chains' loyal customers.

But you never know. There may come a day when dozens of brides converge again on Washington Street, armed with running shoes and dreams of landing a bargain dress for their big day.

<http://blogs.wickedlocal.com/massmarkets/2012/03/27/filenes-basement-could-be-resurrected-in-some-form-through-upcoming-bankruptcy-auction/#axzz1qEkvObpt>

FINANCIAL POST

Filene's Basement and Syms Seek Approval of Bidding Procedures to Sell Intellectual Property

BusinessWire · Mar. 27, 2012 | Last Updated: Mar. 27, 2012 9:26 AM ET

Filene's Basement, LLC and Syms Corp (SYMSQ.OTC) have filed a motion with the U.S. Bankruptcy Court for the District of Delaware for approval of sale procedures to conduct an auction of their intellectual property rights.

The assets being offered for sale include the **Syms®** and **Filene's Basement®** trade names as well as some of their house brands such as **Stanley Blackler®** and **Maine Bay®**. Also for sale is the IP in connection with the world-famous **Running of the Brides®** event. The sale process is being conducted by [Hilco Streambank](#), the companies' Bankruptcy Court-approved advisory firm.

"Numerous parties have expressed an interest in these famous brands," said David Peress, Executive Vice President with Hilco Streambank. "This is an opportunity to acquire a wealth of intellectual property associated with two iconic retail chains and the brands they built over generations. This rich history has given these brands a tremendous level of recognition in the Off-Price Retail space."

The proposed procedures, if approved by the Court at a hearing scheduled for April 10, 2012, set a bid deadline of May 1, 2012 and an auction on May 3, 2012. The proposed procedures also authorize the Debtors to select stalking horse bidders prior to the auction.

Interested bidders should contact Hilco Streambank at 212-610-5663 for more information.

Syms Corp. was founded by Sy Syms in 1959. Filene's Basement traces its roots back to 1909 and founder William Filene. Syms acquired assets of Filene's Basement, Inc., which had filed for bankruptcy, in a bankruptcy auction in 2009. The two chains filed petitions under Chapter 11 of the bankruptcy code on November 2, 2011.

About Hilco Streambank

Hilco Streambank [www.hilcostreambank.com] is an advisory firm, specializing in the marketing, sale and valuation of intangible assets for businesses at all stages. Hilco Streambank identifies, preserves, and extracts value for clients through the application of experience, diligence and creativity. Recent transactions include the sale of the DiVX patent portfolio for Circuit City, as well as brand names, Internet domain names, customer files and other IP for [Borders](#), [Robb & Stucky Furniture](#), [Berkline/BenchCraft](#) and [Tavern on the Green](#). Additionally, Hilco Streambank provides intangible asset valuation services to stakeholders in a variety of contexts including compliance and reporting, lending, and for the resolution of disputes. Hilco Streambank also provides advisory services on intangible asset value maximization strategies and liquidity-generating options. Headquartered in Needham, MA with offices in New York, NY and Chicago, IL, Hilco Streambank is a unit of Hilco Trading, LLC. [www.hilcotrading.com].

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<http://www.financialpost.com/markets/news/Filene+Basement+Syms+Seek+Approval+Bidding+Procedures+Sell+Intellectual/6365499/story.html>

The Boston Globe

Filene's Basement's Running of the Brides, other intellectual property to be put up for auction

March 27, 2012

By Jenn Abelson, Globe Staff

Do you want to buy the Running of the Brides?

Filene's Basement LLC and its parent Syms Corp. want to sell off the intellectual property rights of the now shuttered discount clothing chains. They have filed a motion with the US Bankruptcy Court in Delaware to approve an auction for assets, including the Filene's Basement trade name and the famed Running of the Brides event, an annual sale during which brides-to-be would madly scramble to claim deeply-discounted wedding gowns.

"Numerous parties have expressed an interest in these famous brands," said David Peress, executive vice president with Hilco Streambank, an advisory firm for the companies. "This is an opportunity to acquire a wealth of intellectual property associated with two iconic retail chains and the brands they built over generations."

A hearing on proposed procedures is scheduled for April 10 and, if approved, would set a bid deadline of May 1 and an auction on May 3. Hilco Streambank, headquartered in Newton, is seeking interested bidders.

The sale of the intellectual property rights would mark the final stages for the unwinding of the historic chain, which traces its roots to 1909 and filed for bankruptcy protection in November. Syms, which purchased Filene's Basement at an auction in 2009, liquidated both companies in recent months.

<http://www.boston.com/Boston/businessupdates/2012/03/filene-basement-running-the-brides-other-intellectual-property-put-for-auction/QXJMP1WoSTywG2JWuqMLyO/index.html>

BANKRUPTCY BEAT

An inside look at companies in trouble from Daily Bankruptcy Review

March 27, 2012, 3:37 PM

Running of the Brides Reincarnation?

By Rachel Feintzeig



European Pressphoto Agency

Brides running to get to the racks of wedding dresses at the annual Filene's Basement Running of the Bride's event in Miami in May 2011.

Hope is on the horizon for Filene's Basement's [Running of the Brides](#) event.

Brides-to-be intent on duking it out for the perfect white dresses on the cheap should remain calm and perhaps consider pushing off their wedding dates, according to our sources.

While Filene's Basement has indeed liquidated down to its very last discounted polo shirt, thrown out its store leases and ceased all operations, its intellectual property is now up for grabs. Filene's Basement LLC and parent Syms Corp., which sought bankruptcy side-by-side in November, are looking to put everything from their trademarks to their domain names on the auction block—including intellectual property associated with what they call the “world renowned” Running of the Brides event.

A purchaser of the Running of the Brides IP would get “all of the history and good will that comes along with it,” Jack Hazan, an executive vice president with Hilco Streambank LLC said in an interview Tuesday.

Syms and Filene’s Basement brought on Hilco Streambank to help them dispose of their intellectual property—assets that the company has no use for now that it has no operations.

Hazan said the Running of the Brides intellectual property could be snatched up by another retail chain or player in the bridal business who could reinstate the event.

“We’re confident that someone’s going to pick this up,” Hazan said. “We’ve had good interest in this already, in all of the brands actually.”

Also up for grabs is a “royalty-free license agreement with Macy’s for the Filene’s Basement trademark,” according to court papers, and both Syms and Filene’s Basement’s customer information databases. Those hold nearly two million names and contact information for members of the retailers’ customer loyalty programs, Syms Educated Consumer program and the Filene’s Basement Fan Club. Syms’s house brands, such as Stanley Blacker and Maine Bay, would also be on the block, should a judge approve the company’s auction plans at an upcoming hearing.

Of course, even if Syms and Filene’s Basement are allowed to proceed with the sale process, it’s no guarantee that you’ll actually be able to shop at a store with a Syms sign or fight for an off-price bridal gown.

“We’ve seen it go different ways,” Hazan said.

Some buyers open brick-and-mortar stores with names they pick up out of bankruptcy, such as the Goody’s brand, he said. Others get purchased for “pure Internet play” like Circuit City. And still other intellectual property is sold to competitors who are looking to bury the name so their own brands can flourish.

Either way, customers currently on the hunt for their wedding-day ensembles might want to look elsewhere for now, since there almost certainly won’t be Running of the Brides sales this dress-shopping season, Hazan said. But keep your fingers crossed and your lawn chairs, matching T-shirts and running shoes ready. By the time your boyfriend actually buys a ring, the Running of the Brides event could have risen from the ashes.

http://blogs.wsj.com/bankruptcy/2012/03/27/running-of-the-brides-reincarnation/?mod=google_news_blog



The Ticker

By Staff And Wire Reports

Wednesday, March 28, 2012

Conn. set to OK Nstar merger

Public utility officials in Connecticut tentatively approved a settlement agreement yesterday that allows for the proposed merger of Northeast Utilities and Nstar.

More quant easing

Boston Federal Reserve chief Eric Rosengren, believing the nation's jobless rate is falling partly because people are giving up looking for work, is hinting that the U.S. economy might need a third round of so-called "quantitative easing."

Dana-Farber lease

Dana-Farber Cancer Institute will lease about a third of the 413,000-square-foot Longwood Center, an 11-story lab and office building under construction at the corner of Brookline and Longwood avenues in Boston.

Basement IP sale

Syms Corp. filed a motion in U.S. bankruptcy court to auction off Filene's Basement intellectual property, including the rights to "Running of the Brides."

YMCA renovation

The YMCA of Greater Boston filed plans with the city to renovate its 316 Huntington Ave. facility with a new pool and gymnasium.

The Outlook

TODAY

- Wegmans CEO Danny Wegman addresses the Greater Boston Chamber of Commerce's Executive Forum to discuss the company's expansion in Massachusetts.



Trademark for Running of the Brides up for auction

Wednesday, 28 Mar 2012, 8:16 AM EDT

The famous "Running of the Brides" is now up for sale.

The company which owns Filene's Basement wants to auction off all the intellectual property rights of the bankrupt clothing chain.

That means the trademarks for both the "Filene's Basement" name and the "Running of the Brides" event could go up for bid.

The last of the Filene's Basement stores recently closed and all of the assets of the company are being liquidated

<http://www.myfoxboston.com/dpp/news/local/trademark-for-running-of-the-brides-up-for-auction-20120328>

Filene's Basement could be revived in bankruptcy auction

Posted Mar 28, 2012

BOSTON — Don't bury the Basement just yet. You can place the blame for the recent demise of the beloved Filene's Basement chain where you want. Poor management decisions under Syms' ownership. The stalled Downtown Crossing development that killed off the flagship store. The overall rough times that the retail industry faces. Regardless of the reasons, it still wasn't much fun to watch this faded icon of Boston's business world disappear into the history books.

But there could be another chapter to this saga. As part of the Filene's Basement/Syms bankruptcy, the companies' trademarks (including the "Running of the Brides") and other intellectual property assets (including customer lists) are being put up for sale. Needham-based Hilco Streambank has been shopping the properties since November — either as a group or individually. And now Hilco is ready for the real fun to begin.

[Click here to read the full story.](#)

<http://www.patriotledger.com/topstories/x777658417/Filene-s-Basement-could-be-revived-in-bankruptcy-auction>



Syms, Filene's Names to Be Sold, Plan Coming April 10

By Bill Rochelle - Mar 28, 2012

Retailers Syms Corp. and Filene's Basement LLC, having completed going-out-of-business sales in December, will auction off the Syms and Filene's trademarks along with other intellectual property on May 3.

There will be hearing for approval of sale procedures on April 10 in U.S. Bankruptcy Court in Wilmington, Delaware. Syms wants bids initially by May 1, in advance of a May 3 auction and a hearing on May 10 for approval of the sale.

Syms said "numerous parties" are interested in the trademarks, which include so-called house brands such as Stanley Blacker and Maine Bay.

The company said it intends to file a Chapter 11 plan by April 10. At a hearing that day, the official shareholders' committee can ask the bankruptcy court to end the companies' exclusive right to submit a plan.

Yesterday, Syms filed papers asking the bankruptcy judge to push back the equity committee's motion for authority to file a plan to May 10 from April 10. The company wants its own motion for an examiner to be rescheduled for May 10 as well.

The shareholders have proposed reconfiguring Syms as a real estate holding company intended to pay creditors in full. Syms also has said that creditors will be paid in full.

Syms and Filene's completed going-out-of-business sales at all stores in December and disposed of their leases, leaving mostly real property for later sale or retention as the basis for a reorganization. At the outset of the Chapter 11 case, Syms said the parent company is solvent, with cash left over for shareholders. The stock closed March 26 at \$10.75, unchanged in over-the-counter trading.

Syms, based in Secaucus, New Jersey, purchased Filene's through a bankruptcy auction in June 2009 in Filene's second venture through Chapter 11. At the outset of Chapter 11 case on Nov. 2, there were 25 Syms stores and 21 Filene's locations.

Assets were listed in the Chapter 11 petition for \$236 million, including real estate on the books for \$97.7 million. Liabilities were listed at \$94 million, including \$31.1 million owing on a revolving credit with Bank of America NA as agent. In addition, there were \$11.1 million in letters of credit outstanding on the revolver.

The case is In re Filene's Basement LLC, 11-13511, U.S. Bankruptcy Court, District of Delaware (Wilmington).

The Columbus Dispatch

News briefs

Thursday March 29, 2012 5:16 AM

BOSTON

Filene's brides could run again if auction proceeds

Do you want to buy the Running of the Brides?

Filene's Basement and its parent, Syms Corp., want to sell the intellectual-property rights of the shuttered discount-clothing chains. They have filed a motion in Bankruptcy Court in the state of Delaware, seeking approval for an auction. The assets include the Filene's Basement trade name and the famed Running of the Brides event, an annual sale during which brides-to-be scrambled to claim deeply discounted gowns.

A hearing on proposed auction procedures is scheduled for April 10. If approved, an auction would be held on May 3.

<http://www.dispatch.com/content/stories/business/2012/03/29/biz-briefs-0329-gotgkver-1.html>



Filene's 'Running of the Brides' Marks to Be Sold at Auction

By Victoria Slind-Flor - Apr 2, 2012 7:01 AM ET

Filene's Basement LLC's "Running of the Brides" event in which prospective brides and their wedding parties participated in a mad scramble for cut-price wedding dresses may be going to a new home.

The trademark is part of a package of intellectual property that Secaucus, New Jersey-based Filene's and Syms Corp (SYMSQ) ([SYMSQ](#)) are seeking court permission to put up for auction as part of bankruptcy proceedings, according to a March 23 filing in bankruptcy court in Delaware.

Also included in the auction are the [www.syms.com](#) and [www.filenesbasement.com](#) domain names, customer data for almost 2 million names, and a perpetual royalty-free license from Macy's Inc., for the "Filene's Basement" trademark. House brands including "Stanley Blacker" and "Maine Bay" are also part of the package.

Hilco Streambank LLC is to handle the auction, and according to court papers, about 20 parties have already expressed interest in some or all of the IP assets. If the court approves, bidding will be closed by the end of May 1.

The auction is to be publicized in USA Today, the Boston Globe and Women's Wear Daily within five days of a court order authorizing the auction, according to the court filing.

The case is in re: Filene's Basement LLC, 11-13511-KJC, U.S. Bankruptcy Court, District of Delaware.

<http://www.businessweek.com/news/2012-04-02/apple-mgm-filene-s-pangang-group-intellectual-property#p2>



Syms committee says Filene's creditors should be paid in full

SATURDAY, APRIL 28, 2012

* Bankruptcy filing says Secaucus company's assets are enough.

Retailers Syms Corp. of Secaucus and Filene's Basement LLC are close to filing a Chapter 11 plan that may pay all creditors in full, according to filings this week in Bankruptcy Court in New York.

Syms said from the outset of bankruptcy that there would be enough from liquidating the retail business to pay both companies' creditors in full. The official shareholders committee cast doubt on the idea by taking the position that Syms assets shouldn't be used to pay creditors of subsidiary Filene's, which may be insolvent.

Theoretically, Syms shareholders could receive a distribution in Chapter 11 even if Filene's creditors aren't fully paid.

The official creditors' committee said in a Wednesday court filing that it uncovered "several significant claims" that Filene's could make against Syms for "tens of millions of dollars." If successful, the claims would pay Filene's creditors in full.

Alternatively, the committee said there can be a so-called substantive consolidation plan where both companies' creditor bodies are fully paid without regard to the assets and debts of each company separately.

Both the creditors' committee and the companies said in their court filings that there is preliminary agreement on a Chapter 11 plan with some creditors' committee members. The company said it "hopes" the plan will be acceptable to the official equity committee.

The papers were filed in advance of a May 2 hearing where the equity committee will seek the right to file a reorganization plan of its own. Both the creditors' committee and Syms said a consensual plan will avoid a courtroom fight over substantive consolidation, where creditors of both companies receive an identical recovery.

[http://www.northjersey.com/news/149341025 Syms and Filene s creditors may be paid in full.html](http://www.northjersey.com/news/149341025_Syms_and_Filene_s_creditors_may_be_paid_in_full.html)



'Filene's' opens door to legendary department store



By Jill Radsken

Tuesday, May 22, 2012

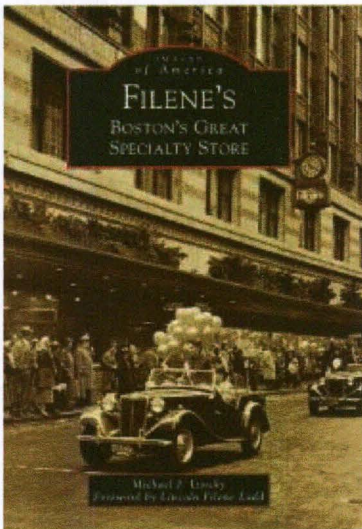
It fell six years short of its 100th anniversary, but Boston's iconic department store Filene's is still etched in the memory of veteran Hub shoppers.

Author Michael Lisicky gives props to the retail legend in "Filene's" (Arcadia Publishing, \$21.99), a photo-heavy flashback for the many generations who shopped, saw Santa or visited the zoo at the corner of Washington and Winter streets.

Here are 10 secrets only hard-core fans would know:

- The department store ran a knitting school, beginning in 1934. Classes were free.
- Like most department stores, Filene's sold war bonds. By the end of World War II, a salesperson at the store had sold the highest amount of individual bonds — \$9.5 million — in the United States.
- In 1954, Filene's became the only department store to feature a live zoo on its roof. Though 60,000 children visited, the zoo was short-lived, destroyed within the year by a hurricane. It was replaced with an annual two-week animal exhibition.
- Edward Filene, who took over the business after his father, William, retired, invented the Filene-Finlay language translator system used in parliaments across the globe. In 1950 the United Nations adopted it.
- Filene's Restaurant served lunch and tea. But tipping was prohibited.
- Filene's Basement, an offshoot of the main store conceived in 1909, was originally called Tunnel Bargain Basement. It took 10 years before the Basement turned a profit, but became the most profitable mercantile business per square foot in the world.
- Most people pronounced the store "Fi-leens," but the Filene family said "Fill-eens."

- The department store had major fashion cred, and designers Pierre Balmain, Paul-ine Trigere and Christian Dior made appearances.
- Ditto for celebrities. Name-dropped shoppers included Cary Grant, Zsa Zsa Gabor, Brooke Shields, Isabella Rossellini and Red Sox slugger Ted Williams.
- In 1948, Filene's opened E.A. Filene Cooperative in Virginia. This consumer-owned experimental store lasted only five years.



http://news.bostonherald.com/entertainment/books/view/20220522filenes_opens_door_to_legendary_department_store/srv=home&position=also



Syms Creditors Look To File Competing Ch. 11 Plan

Law360, Wilmington (May 23, 2012, 9:04 PM ET) -- [Syms Corp.](#)'s unsecured creditors asked a Delaware bankruptcy judge Wednesday for permission to lodge a rival liquidation plan for the company, saying the debtors' proposed plan stifles creditors in favor of equity, particularly CEO and majority shareholder Marcy Syms.

The defunct clothing retailer recently hashed out its plan with a committee representing minority shareholders and hopes to file it by Friday, according to court documents. But the official committee of unsecured creditors argued in an objection that the plan improperly funnels distributions to Marcy Syms and other shareholders while delaying recoveries for unsecured creditors.

"Given that the debtors continue to be unwilling to shed their bias toward their majority equity holder, further negotiation between the parties at this point are simply an exercise in futility," the creditors committee said. "The debtors have used and abused whatever solvency exists in these estates to the detriment of the creditor body, and time is up."

The objection aims to cut off Syms' exclusive right to file a Chapter 11 plan so the creditors committee can file a competing plan.

The move marks a dramatic role reversal in the case. The creditors committee was previously allied with the debtors while the equity committee had threatened to file a competing plan, concerned that proceeds from the sale of Syms' valuable real estate would be diverted away from shareholders to unsecured creditors of subsidiary [Filene's Basement LLC](#).

Syms bought rival discount retailer Filene's out of bankruptcy in 2009, but the union proved ill-fated, with the parent sinking \$39 million into Filene's to prop it up before the combined company collapsed into bankruptcy in November.

In December, the retailers raised \$65 million through going-out-of-business sales at their stores and Syms plans to sell off real estate worth as much as \$185 million to complete the liquidation.

The creditors committee said the plan proposed by the debtors and equity committee would "drag out" the real estate liquidation in the hope of obtaining better value, while leaving creditors to wait for their payday.

"While the debtors may be content to let all of the estate's chips ride on the craps table for another roll of the dice, the committee is not, since it is the creditors' money that they are gambling with and the creditors bear all of the downside risk in these cases," the objection said.

Moreover, the creditors committee said it would not support the plan as long as the debtors insist on handing Marcy

Syms a cash-out while distributions to creditors are unreasonably delayed. The plan also allows equity to control the board of the reorganized debtors and releases Marcy Syms from substantial claims, according to the objection.

U.S. Bankruptcy Judge Kevin J. Carey will consider allowing the committee to file a plan at a hearing on Friday.

Secaucus, N.J.-based Syms bought Filene's out of bankruptcy in 2009 for \$62.4 million. But the expected synergies between the discount clothing retailers didn't pan out, attorneys for the companies have said. The current economic upheaval also created intense competition in their niche, leading the companies to file for court protection Nov. 2.

Syms is represented by Mark S. Chehi, Jay Goffman, Nancy Lieberman, Morris Kramer and Mark McDermott of [Skadden Arps Slate Meagher & Flom LLP](#).

The unsecured creditors are represented by Michael J. Merchant, Paul N. Heath, Zachary I. Shapiro and Marisa Terranova of [Richards Layton & Finger PA](#) and Mark T. Power, Janine M. Cerbone and Alison M. Ladd of [Hahn & Hessen LLP](#).

The equity committee is represented by Robert J. Dehney, Curtis S. Miller and Matthew B. Harvey of [Morris Nichols Arsht & Tunnell LLP](#) and Thomas B. Walper, Seth Goldman and Bradley R. Schneider of [Munger Tolles & Olson LLP](#).

The case is In re: Filene's Basement LLC, case number 1:11-bk-13511, in the U.S. Bankruptcy Court for the District of Delaware.

--Editing by Andrew Park.

<http://www.law360.com/bankruptcy/articles/343595/syms-creditors-look-to-file-competing-ch-11-plan>



Syms shareholders claim to have agreement on plan

WEDNESDAY MAY 23, 2012, 9:40 AM

Retailers Syms Corp. of Secaucus and Filene's Basement LLC reached an agreement with shareholders on a Chapter 11 plan, according to a bankruptcy court filing in Delaware Tuesday by the official equity committee.

The equity committee says it "hopes" the official creditors' committee joins in support of the plan by the next hearing May 25. A sticking point could be the treatment of creditors of Filene's who aren't as clearly entitled as Syms's creditors to payment in full with interest.

The equity committee didn't lay out terms of the plan other than to say it will "maximize the long-term value of Syms' real estate."

Syms previously said it was close to filing a plan to pay all creditors in full. The companies completed going-out-of-business sales in December and will auction off the trademarks together with other intellectual property. Syms and Filene's also disposed of their leases, leaving mostly real property for later sale or retention as the basis for a reorganization.

Syms closed Tuesday at \$9.20, down 15 cents in over-the-counter trading. During bankruptcy, the stock's closing high was \$12.65 on Dec. 12.

Syms purchased Filene's through a bankruptcy auction in June 2009 in what was Filene's second Chapter 11 reorganization. At the outset of the Chapter 11 case in November, there were 25 Syms stores and 21 Filene's locations.

Assets were listed in the Chapter 11 petition for \$236 million, including real estate on the books for \$97.7 million. Liabilities were listed at \$94 million, including \$31.1 million owing on a revolving credit with Bank of America NA as agent.

In addition, there were \$11.1 million in letters of credit outstanding on the revolver.

[http://www.northjersey.com/news/153059175 Syms shareholders claim to have agreement on plan.html](http://www.northjersey.com/news/153059175_Syms_shareholders_claim_to_have_agreement_on_plan.html)

Syms Shareholders Set To File Exit Plan Alongside Company

Rachel Feintzeig,
May 23, 2012,

Syms Corp.'s shareholders say they have reached a deal to propose a Chapter 11 plan alongside the defunct retailer but still have no patience for extending the company's control of its case.

The official committee of Syms's equity security holders Tuesday announced that they have struck "an agreement in principle" that paves the way for a joint plan that will "maximize the long-term value of Syms's real estate, establish a sound corporate governance structure for the reorganized business, and treat creditors fairly, including full payment for Syms's creditors and resolution of intercompany issues with Filene's Basement."

Syms and subsidiary Filene's Basement LLC liquidated their merchandise, shut down their operations and vacated their leased store locations by the end of 2011. But the Syms division has valuable real-estate holdings that kept the entity solvent upon its descent into bankruptcy and represent repayment hope for equity holders, who have long pushed for a plan that would reorganize Syms as a real estate holding company.

Syms is now poised to introduce a plan that meets the shareholders' standards by a Friday hearing, but the group doesn't seem to be completely convinced that the consensual plan will come to pass. In court papers, the shareholders said that if the joint plan doesn't materialize by Friday, they will continue to urge a judge to end the company's exclusive right to file a plan in Chapter 11. Such a move, which the shareholders have been pushing for for months, would open the case up to rival plans, including one from the equity committee.

The group argued that if the company fails to file a plan by Friday---after two extensions of its exclusive period---perhaps "there is no reason to believe that a further extension of exclusivity to June 15 will result in a different outcome than the two previous extensions."

"On the contrary, the prospect of competing plans may provide just the catalyst that the parties need to reach an agreement on a consensual plan," the equity holders said.

A lawyer for Syms wasn't immediately available to comment Wednesday.

The shareholders said they are hoping that the official committee of unsecured creditors in the case will get on board with the joint plan, too, making the proposal "fully consensual." Last month, unsecured creditors said they had reached a "breakthrough" in their negotiations with Syms and urged a judge to deny the shareholders' bid to lift the exclusivity protecting the company. Wresting control away from Syms would halt recent progress in the case, the creditors said.

<http://bankruptcynews.dowjones.com/Article?an=DJFDBS0020120523e85njh47q>

Tereo, Rick

From: Steven Alschuler [salschuler@lakpr.com]
Sent: Wednesday, May 23, 2012 11:25 AM
To: Sharon Horowitz; (Jason.liberi@skadden.com); Jeff M. Feinberg; Syms, Marcy; (Suzanne.lovett@skadden.com)
Subject: RE: Media coverage (5 22 12)

Syms shareholders claim to have agreement on plan

WEDNESDAY MAY 23, 2012, 9:40 AM

Bloomberg News

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From: Sharon Horowitz
Sent: Tuesday, May 22, 2012 9:37 AM

Syms Files Repayment Plan That's Supported By Shareholders

Rachel Feintzeig,
May 25, 2012,

[Syms](#) Corp. introduced a creditor-repayment proposal detailing its plan to rally around valuable real-estate holdings after winding down its retail operations, a strategy that is drawing battle lines between creditors and shareholders.

The plan, filed in the lead-up to a courtroom showdown over the company's right to maintain control over its bankruptcy proceedings, has the support of the official equity group in the case but is still drawing protests from unsecured creditors despite months of negotiations.

In papers filed Thursday with the U.S. Bankruptcy Court in Wilmington, Del., [Syms](#) defended itself against allegations of bias made by the creditors earlier this week, insisting that terms of the Chapter 11 plan "reflect a careful balance, and negotiated resolution, of the competing interests of stakeholders with very divergent economic aims."

The proposed plan, filed alongside the official [Syms](#) equity group, is actually split into two sections: one governing repayment for creditors of Syms and one focusing on creditors of its Filene's Basement LLC subsidiary. Both chains' stores were liquidated soon after the businesses sought bankruptcy protection in November.

[Syms](#) is solvent, thanks to its valuable real-estate holdings, so all of its creditors would be paid in full, including general unsecured creditors of Syms owed \$60.3 million. But Filene's is insolvent, and "its assets are [worth] a small fraction of the claims against it," Syms said. As a result, one class of Filene's creditors, owed \$8.8 million and mostly comprised of trade creditors and employees, would be paid in full, while another class, owed \$36.8 million and comprised of landlords with un-guaranteed lease-rejection claims, would ultimately receive 75 cents on the dollar.

The recoveries would be made possible by allowing Filene's creditors to share proceeds from the [Syms](#) real estate. But for the Filene's creditors to see their proposed recovery, two issues still have to be resolved.

One dispute is over the composition of the board of the reorganized [Syms](#); the other centers on how long it will take for Filene's creditors to be paid. Both the equity group and the unsecured creditor group believe they should control the board and the real-estate disposition process that will allow money eventually to flow to the stakeholders.

Initially, the creditors committee backed a "relatively rapid disposition," [Syms](#) said, while the equity committee wanted Syms reorganized as a real-estate holding company "that would develop and hold the real estate indefinitely." The current plan on the table establishes that all real estate be sold---most pieces in the near term and a few, more-valuable pieces over a longer period---"after they have been developed and/or leased to commercial tenants," Syms said. That approach reflects "the agreement of all parties," the company added.

The [Syms](#) plan came in the wake of a fiery filing by the unsecured creditors, who earlier this week slammed the company for drafting what they called a "misguided and unconfirmable plan" that was rife with the bias of majority shareholder Marcy Syms.

"Given that the debtors continue to be unwilling to shed their bias toward their majority equity holder, further negotiation between the parties at this point are simply an exercise in futility," the creditors said. "The debtors have used and abused whatever solvency exists in these estates to the detriment of the creditor body, and time is up," they added.

[Syms](#) called the creditors' filing "histrionic and petulant" and said it simply wasn't true that the company was favoring its shareholders.

"It should be obvious from the progress thus far that the debtors have endeavored to align the competing interests of all stakeholders," [Syms](#) said.

The company also took aim at the creditors committee itself, saying that it "has unfortunately devolved into a largely ineffective and internally conflicted body" and singled out two landlords in particular as attempting to "hijack" the plan process.

Attorneys for the equity committee and Marcy [Syms](#) weren't immediately available for comment Friday.

The company also challenged the creditors' assertion that certain estate claims against Marcy [Syms](#) are being improperly compromised. Syms noted it had requested that an examiner investigate the matter earlier in the case but that the creditors have been in no rush to see the request come to fruition and have repeatedly told Syms they don't believe any such claims exist.

"The creditors' committee has done an about-face on this matter in an effort to exert improper leverage," [Syms](#) said.

The company urged the judge to keep the case closed to rival plans--such as one being prepared by the creditors committee--and instead give [Syms](#) breathing room to try to get to a consensual plan.

"The court should direct everyone to take a deep breath and use the period before the hearing on the disclosure statement to resolve their remaining differences," [Syms](#) said. "They can continue discussions about a governance structure and disposition timeline that balance the interests of both creditors and shareholders."

A date for the hearing at which a judge would consider clearing stakeholders to vote on the disclosure statement, or plain-language plan outline, hasn't yet been set.

<http://bankruptcynews.dowjones.com/Article?an=DJFDBS0020120525e85pkcsiy&pid=11>



Syms Ordered To Reopen Ch. 11 Talks With Creditors

By Lance Daroni

Law360, Wilmington (May 25, 2012, 3:01 PM ET) -- [Syms Corp.](#) unveiled its liquidation plan Friday, promising full payment for most creditors and an ample recovery for equity holders, but a bankruptcy judge promptly sent the clothing retailer back to the negotiating table with unsecured creditors, who claim the plan unfairly favors shareholders.

At a hearing in Delaware, U.S. Bankruptcy Judge Kevin J. Carey declined to hear arguments on extending the debtors' exclusive right to file a plan, which the official committee of unsecured creditors wanted to end so it could offer a competing plan.

Instead, the judge ordered Syms back into talks with creditors and shareholders on a "global resolution," saying he "thought it would be appropriate for them to take one more shot."

Syms' plan is divided into two proposals: one for Syms, which is solvent due to its valuable real estate holdings, and another for insolvent subsidiary Filene's Basement LLC. The real estate — with an estimated value between \$135 million and \$185 million — would be sold over time, delaying payment to some creditors, while shareholders would control the company's board and oversee the process.

Most creditors would eventually see a full recovery, according to a disclosure statement, while Filene's landlords, owed \$37 million, would receive 75 percent on their claims.

The plan is backed by both the equity committee, which represents minority shareholders, and majority owner and CEO Marcy Syms, representing "great progress in the case," Syms said in court papers. It also "affords the creditors committee much of what it seeks, including a highly favorable recovery for Filene's creditors," the company said.

But the prospect of delayed payment and shareholder control of the real estate sales prompted an objection from the creditors committee, which threatened to file a competing plan on Wednesday.

According to the creditors committee, Syms' plan seemed especially tilted toward the interests of Marcy Syms, releasing valuable claims against the majority owner and allowing her to "cash out" while creditors wait for their payday.

"We are at a complete impasse in this case," Mark Power of [Hahn & Hessen LLP](#), an attorney for unsecured creditors, said at the hearing.

Judge Carey said that if informal talks on the plan failed, he would consider appointing a mediator to help resolve the dispute.

Secaucus, N.J.-based Syms bought Filene's out of bankruptcy in 2009 for \$62.4 million. But the expected synergies between the discount clothing retailers didn't pan out and Syms spent \$39 million to prop up Filene's after the acquisition, attorneys for the companies have said. The current economic upheaval also created intense competition in their niche, leading the companies to file for court protection Nov. 2.

Syms is represented by Mark S. Chehi, Jay Goffman, Nancy Lieberman, Morris Kramer and Mark McDermott of [Skadden Arps Slate Meagher & Flom LLP](#).

The unsecured creditors are represented by Michael J. Merchant, Paul N. Heath, Zachary I. Shapiro and Marisa Terranova of [Richards Layton & Finger PA](#) and Mark T. Power, Janine M. Cerbone and Alison M. Ladd of Hahn & Hessen LLP.

The equity committee is represented by Robert J. Dehney, Curtis S. Miller and Matthew B. Harvey of [Morris Nichols Arsht & Tunnell LLP](#), and Thomas B. Walper, Seth Goldman and Bradley R. Schneider of [Munger Tolles & Olson LLP](#).

The case is In re: Filene's Basement LLC, case number 1:11-bk-13511, in the U.S. Bankruptcy Court for the District of Delaware.

--Editing by John Quinn.

<http://www.law360.com/articles/344398/syms-ordered-to-reopen-ch-11-talks-with-creditors>