

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY

**Caption in Compliance with D.N.J. LBR 9004-1(b)**

**COLE SCHOTZ P.C.**

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*Proposed Attorneys for Debtors  
and Debtors in Possession*

In re:

MODELL’S SPORTING GOODS, INC., *et al.*,  
  
Debtors.<sup>1</sup>

Chapter 11  
Case No. 20-14179 (VFP)  
Jointly Administered  
**Hearing Date and Time:**  
March 25, 2020, at 3:00 p.m. (ET)

**ORDER TEMPORARILY SUSPENDING THE DEBTORS’  
CHAPTER 11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305**

The relief set forth on the following pages, numbered two (2) through seven (7), is hereby **ORDERED**.

<sup>1</sup> The Debtors in these chapter 11 cases and the last four digits of each Debtor’s federal tax identification number, as applicable, are as follows: Modell’s Sporting Goods, Inc. (9418), Modell’s II, Inc. (9422), Modell’s NY II, Inc. (9434), Modell’s NJ II, Inc. (9438), Modell’s PA II, Inc. (9426), Modell’s Maryland II, Inc. (9437), Modell’s VA II, Inc. (9428), Modell’s DE II, Inc. (9423), Modell’s DC II, Inc. (9417), Modell’s CT II, Inc. (7556), MSG Licensing, Inc. (8971), Modell’s NH, Inc. (4219), Modell’s Massachusetts, Inc. (6965) and Modell’s Online, Inc. (2893). The Debtors’ corporate headquarters is located at 498 Seventh Avenue, 20<sup>th</sup> Floor, New York, New York 10018.

Page (2)

Debtors: MODELL'S SPORTING GOODS, INC., *et al.*  
Case No. 20-14179 (VFP)  
Caption of Order: ORDER TEMPORARILY SUSPENDING THE DEBTORS' CHAPTER 11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305

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Upon the verified application (the "**Application**")<sup>2</sup> of Modell's Sporting Goods, Inc. and its subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "**Debtors**"), pursuant to sections 105 and 305 of the Bankruptcy Code and Bankruptcy Rule 1017 for entry of an order approving the Bankruptcy Suspension, as more fully set forth in the Application; and the Court having jurisdiction to decide the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157(a)-(b) and 1334(b); and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Application having been given as provided in the Application, and such notice having been adequate and appropriate under the circumstances; and it appearing that no other or further notice of the Application need be provided; and the Court having (the "**Hearing**") held a hearing to consider the relief requested; and upon the *Declaration of Robert J. Duffy in Support of Debtors' Chapter 11 Petitions and First Day Pleadings*, the records of the Hearing, and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Application and granted herein is in the best interests of the Debtors and their creditors, and that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

Page (3)

Debtors: MODELL'S SPORTING GOODS, INC., *et al.*  
Case No. 20-14179 (VFP)  
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**IT IS HEREBY ORDERED THAT:**

1. The Application is **GRANTED** as set forth herein.

2. The Bankruptcy Suspension, including the Operational Suspension, is hereby authorized and the Debtors' chapter 11 cases are hereby suspended for an initial 45 days from the date of this Order, pursuant to 11 U.S.C. § 305, without prejudice to the Debtors' right to seek a further extension upon notice to the pre-petition lenders and the Committee. In the event of any objection to such further extension, the Bankruptcy Suspension and Operational Suspension shall continue pending a hearing and further of this Court. A status conference shall be conducted on \_\_\_\_\_, 2020 at \_\_\_\_\_:\_\_\_\_\_ .m. Specifically:

- a. The Debtors are authorized to implement the Operational Suspension. To the extent any of the terms of the Operational Suspension or any action taken by the Debtors in order to effectuate same conflict with relief previously ordered by the Court or their duties as debtors in possession, this Order shall govern.
- b. All deadlines that would otherwise occur during the Bankruptcy Suspension are hereby extended until further notice, as set forth in more detail in paragraph 5 below. All parties are hereby barred from seeking relief from this Court during the Bankruptcy Suspension; provided however, parties, after consultation with the Debtors and Committee, shall be permitted to seek relief from this Court with respect to exigent and unforeseen circumstances not otherwise inconsistent with this Order and which the Debtors and such parties are unable to resolve consensually.
- c. All payments of expenses other than those essential expenses set forth in the Modified Budget are hereby deferred, provided that all parties reserve all rights to argue that obligations allegedly accrued during the

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Application.

Page (4)

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Case No. 20-14179 (VFP)  
Caption of Order: ORDER TEMPORARILY SUSPENDING THE DEBTORS' CHAPTER 11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305

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Operational Suspension are or are not waived, abated, or otherwise not subject to payment for reasons including, but not limited to, the existence of force majeure, quiet enjoyment, or other applicable contractual provisions or legal rights.

- d. The automatic stay shall remain in full force and effect during the pendency of the Bankruptcy Suspension.
  - e. The retentions of Cole Schotz and A&G are conditionally approved.
  - f. Upon the filing of a retention application, the retention of Lowenstein Sandler LLP as counsel for the official committee of unsecured creditors (the "**Committee**") shall be conditionally approved.
  - g. The Debtors' professionals are authorized to draw on their respective retainers to pay themselves 80% of their fees and 100% of their expenses during the Bankruptcy Suspension but are not obligated to file and serve monthly fee statements or interim compensation applications during the Bankruptcy Suspension. Notwithstanding the foregoing, (i) at least five business days prior to making any such draw, a professional shall serve a statement reflecting the number of hours worked and amount billed by such professional, broken down by timekeeper, on the Debtors' pre-petition lenders, the Office of the United States Trustee for Region 3, and counsel for the Committee and (ii) any funds the professionals draw against their retainers during the Bankruptcy Suspension shall remain subject to the entry of a final order approving the award of such compensation.
  - h. Counsel to the Debtors shall consult with the counsel to the pre-petition lenders and Committee on an as-needed basis and shall provide counsel to the Committee with such information as is reasonable and practicable under the circumstances.
3. The Operational Suspension shall be enacted on the following terms:
- a. To the extent they have not already done so, the Debtors shall immediately
    - (i) cease operations, including Store Closing Sales, at all 134 of their retail stores as well as fulfillment of orders on the e-commerce site,
    - (ii) terminate store-level and distribution center employees, without

Page (5)

Debtors: MODELL'S SPORTING GOODS, INC., *et al.*  
Case No. 20-14179 (VFP)  
Caption of Order: ORDER TEMPORARILY SUSPENDING THE DEBTORS' CHAPTER  
11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305

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severance, and (iii) cease all in-person operations at their corporate headquarters and terminate most corporate employees, without severance.

- b. The Debtors may continue to employ certain critical employees responsible for human relations, finance, and infrastructure technology functions during the Operational Suspension.
- c. The Debtors are authorized to use cash collateral to pay certain critical expenses pursuant to the Modified Budget.

4. Notwithstanding the foregoing, should COVID-19 abate before the suspension period has expired, the Debtors may file a notice with the Bankruptcy Court informing it of the termination of the Bankruptcy Suspension. In the event the Debtors file any such notice, they shall provide counsel to the pre-petition lenders and Committee with as much notice as is reasonably practicable under the circumstances.

5. Once the Bankruptcy Suspension has terminated, the Debtors shall coordinate with the Court, the Office of the United States Trustee for Region 3, the Debtors' pre-petition lenders, and the Official Committee of Unsecured Creditors to set appropriate hearing dates and objection deadlines.

6. The Cash Collateral Order is hereby amended to replace the Budget (as defined therein) with the Modified Budget, a copy of which is attached as Exhibit A to the Application. For the avoidance of doubt, the Cash Collateral Order, as amended by the Modified Budget, remains in full force and effect during the Operational Suspension and the Bankruptcy Suspension. Moreover, for the avoidance of doubt, references in the Cash Collateral Order to "line item 20" of the Budget ("Memo: Total Disbursements") shall be deemed to refer to "line

Page (6)

Debtors: MODELL'S SPORTING GOODS, INC., *et al.*

Case No. 20-14179 (VFP)

Caption of Order: ORDER TEMPORARILY SUSPENDING THE DEBTORS' CHAPTER 11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305

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item 26” of the Modified Budget and references in the Cash Collateral Order to “line item 28” of the Budget (“Memo: Operating Account Balance”) shall be deemed to refer to “line item 32” of the Modified Budget.

7. Nothing in this Order shall prevent the Debtors from presenting to the Court consensual agreements with respect to the rejection of any lease and the surrender of any premises, with the consent of the lenders and the committee, and for the Court to enter consent orders with respect there.

8. For the avoidance of doubt, all parties reserve all rights with respect to the interim orders entered by this Court on March 13, 2020.

9. The requirement set forth in Local Rule 9013-1(a)(2) that any motion be accompanied by a certification containing the facts supporting the relief requested in compliance with Local Bankruptcy Rule 7007-1 is deemed satisfied by the contents of the verified Application or otherwise waived.

10. The requirement set forth in Local Rule 9013-1(a)(3) that any motion be accompanied by a memorandum of law stating the legal basis of the relief requested is deemed satisfied by the contents of the Application or otherwise waived.

11. Notwithstanding any provision in the Bankruptcy Rules to the contrary, this Order shall be immediately effective and enforceable upon its entry.

Page (7)

Debtors: MODELL'S SPORTING GOODS, INC., *et al.*

Case No. 20-14179 (VFP)

Caption of Order: ORDER TEMPORARILY SUSPENDING THE DEBTORS' CHAPTER 11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305

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12. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order, including to effectuate the intent of the Operational Suspension and the Bankruptcy Suspension, in accordance with the Application.

13. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Order.

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY

**Caption in Compliance with D.N.J. LBR 9004-1(b)**

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Chapter 11

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<sup>1</sup> The Debtors in these chapter 11 cases and the last four digits of each Debtor's federal tax identification number, as applicable, are as follows: Modell's Sporting Goods, Inc. (9418), Modell's II, Inc. (9422), Modell's NY II, Inc. (9434), Modell's NJ II, Inc. (9438), Modell's PA II, Inc. (9426), Modell's Maryland II, Inc. (9437), Modell's VA II, Inc. (9428), Modell's DE II, Inc. (9423), Modell's DC II, Inc. (9417), Modell's CT II, Inc. (7556), MSG Licensing, Inc. (8971), Modell's NH, Inc. (4219), Modell's Massachusetts, Inc. (6965) and Modell's Online, Inc. (2893). The Debtors' corporate headquarters is located at 498 Seventh Avenue, 20<sup>th</sup> Floor, New York, New York 10018.



Page (2)

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Caption of Order: ORDER TEMPORARILY SUSPENDING THE DEBTORS' CHAPTER  
11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305

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Page (3)

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11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305

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Upon the verified application (the "**Application**")<sup>2</sup> of Modell's Sporting Goods, Inc. and its subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "**Debtors**"), pursuant to sections 105 and 305 of the Bankruptcy Code and Bankruptcy Rule 1017 for entry of an order approving the Bankruptcy Suspension, as more fully set forth in the Application; and the Court having jurisdiction to decide the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157(a)-(b) and 1334(b); and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Application having been given as provided in the Application, and such notice having been adequate and appropriate under the circumstances; and it appearing that no other or further notice of the Application need be provided; and the Court having (the "**Hearing**") held a hearing to consider the relief requested; and upon the *Declaration of Robert J. Duffy in Support of Debtors' Chapter 11 Petitions and First Day Pleadings*, the records of the Hearing, and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Application and granted herein is in the best interests of the Debtors and their creditors, and that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Application.

Page (4)

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**IT IS HEREBY ORDERED THAT:**

1. The Application is **GRANTED** as set forth herein.
2. The Bankruptcy Suspension, including the Operational Suspension, is hereby authorized and the Debtors' chapter 11 cases are hereby suspended for ~~up to sixty~~ an initial 45 days from the date of this Order, pursuant to 11 U.S.C. § 305, without prejudice to the Debtors' right to seek ~~additional time~~ a further extension upon notice to the pre-petition lenders and the Committee. In the event of any objection to such further extension, the Bankruptcy Suspension and Operational Suspension shall continue pending a hearing and further of this Court. A status conference shall be conducted on \_\_\_\_\_, 2020 at \_\_\_\_\_:\_\_\_\_\_.m. Specifically:
  - a. The Debtors are authorized to implement the Operational Suspension. To the extent any of the terms of the Operational Suspension or any action taken by the Debtors in order to effectuate same conflict with relief previously ordered by the Court or their duties as debtors in possession, this Order shall govern.
  - b. All deadlines that would otherwise occur during the Bankruptcy Suspension are hereby extended until ~~the twenty-first day following the termination thereof~~ further notice, as set forth in more detail in paragraph 5 below. All parties are hereby barred from seeking relief from this Court during the Bankruptcy Suspension; provided however, parties, after consultation with the Debtors and Committee, shall be permitted to seek relief from this Court with respect to exigent and unforeseen circumstances not otherwise inconsistent with this Order and which the Debtors and such parties are unable to resolve consensually.
  - c. All payments of expenses other than those essential expenses set forth in the Modified Budget are hereby deferred, provided that ~~the Debtors~~ all parties reserve all rights to argue that obligations allegedly accrued during the Operational Suspension are or are not waived, abated, or otherwise not

Page (5)

Debtors: MODEL'S SPORTING GOODS, INC., *et al.*  
Case No. 20-14179 (VFP)  
Caption of Order: ORDER TEMPORARILY SUSPENDING THE DEBTORS' CHAPTER  
11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305

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subject to payment for reasons including, but not limited to, the existence of force majeure, quiet enjoyment, or other applicable contractual provisions or legal rights.

- d. The automatic stay shall remain in full force and effect during the pendency of the Bankruptcy Suspension.
- e. The retentions of Cole Schotz and A&G are conditionally approved.
- f. Upon the filing of a retention application, the retention of Lowenstein Sandler LLP as counsel for the official committee of unsecured creditors (the "Committee") shall be conditionally approved.
- g. ~~f.~~ The Debtors' professionals are authorized to draw on their respective retainers to pay themselves 80% of their fees and 100% of their expenses during the Bankruptcy Suspension but are not obligated to file and serve monthly fee statements or interim compensation applications during the Bankruptcy Suspension. Notwithstanding the foregoing, (i) at least five business days prior to making any such draw, a professional shall serve a statement reflecting the number of hours worked and amount billed by such professional, broken down by timekeeper, on the Debtors' pre-petition lenders ~~and~~, the Office of the United States Trustee for Region 3, and counsel for the Committee and (ii) any funds the professionals draw against their retainers during the Bankruptcy Suspension shall remain subject to the entry of a final order approving the award of such compensation.
- h. Counsel to the Debtors shall consult with the counsel to the pre-petition lenders and Committee on an as-needed basis and shall provide counsel to the Committee with such information as is reasonable and practicable under the circumstances.

3. The Operational Suspension shall be enacted on the following terms:

- a. To the extent they have not already done so, the Debtors shall immediately (i) cease operations, including Store Closing Sales, at all 134 of their retail stores as well as fulfillment of orders on the e-commerce site, (ii) terminate store-level and distribution center employees, without severance, and (iii) cease all in-person operations at their corporate headquarters and terminate most corporate employees, without severance.

Page (6)

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Caption of Order: ORDER TEMPORARILY SUSPENDING THE DEBTORS' CHAPTER  
11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305

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- b. The Debtors may continue to employ certain critical employees responsible for human relations, finance, and infrastructure technology functions during the Operational Suspension.
- c. The Debtors are authorized to use cash collateral to pay certain critical expenses pursuant to the Modified Budget.

4. Notwithstanding the foregoing, should COVID-19 abate before the

~~sixty-day~~suspension period has expired, the Debtors<sup>3</sup> may file a notice with the Bankruptcy Court informing it of the termination of the Bankruptcy Suspension. In the event the Debtors file any such notice, they shall provide counsel to the pre-petition lenders and Committee with as much notice as is reasonably practicable under the circumstances.

5. Once the Bankruptcy Suspension has terminated, the Debtors shall coordinate with the Court, the Office of the United States Trustee for Region 3, the Debtors' pre-petition lenders, and the Official Committee of Unsecured Creditors to set appropriate hearing dates and objection deadlines.

6. ~~5.~~The Cash Collateral Order is hereby amended to replace the Budget (as defined therein) with the Modified Budget, a copy of which is attached as Exhibit A to the Application.

For the avoidance of doubt, the Cash Collateral Order, as amended by the Modified Budget, remains in full force and effect during the Operational Suspension and the Bankruptcy

Suspension. Moreover, for the avoidance of doubt, references in the Cash Collateral Order to 'line item 20' of the Budget ('Memo: Total Disbursements') shall be deemed to refer to 'line item 26' of the Modified Budget and references in the Cash Collateral Order to 'line item 28' of the

Page (7)

Debtors: MODEL'S SPORTING GOODS, INC., *et al.*

Case No. 20-14179 (VFP)

Caption of Order: ORDER TEMPORARILY SUSPENDING THE DEBTORS' CHAPTER  
11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305

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Budget ("Memo: Operating Account Balance") shall be deemed to refer to "line item 32" of the Modified Budget.

7. Nothing in this Order shall prevent the Debtors from presenting to the Court consensual agreements with respect to the rejection of any lease and the surrender of any premises, with the consent of the lenders and the committee, and for the Court to enter consent orders with respect there.

8. For the avoidance of doubt, all parties reserve all rights with respect to the interim orders entered by this Court on March 13, 2020.

9. ~~6.~~ The requirement set forth in Local Rule 9013-1(a)(2) that any motion be accompanied by a certification containing the facts supporting the relief requested in compliance with Local Bankruptcy Rule 7007-1 is deemed satisfied by the contents of the verified Application or otherwise waived.

10. ~~7.~~ The requirement set forth in Local Rule 9013-1(a)(3) that any motion be accompanied by a memorandum of law stating the legal basis of the relief requested is deemed satisfied by the contents of the Application or otherwise waived.

11. ~~8.~~ Notwithstanding any provision in the Bankruptcy Rules to the contrary, this Order shall be immediately effective and enforceable upon its entry.

12. ~~9.~~ The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order, including to effectuate the intent of the Operational Suspension and the Bankruptcy Suspension, in accordance with the Application.

Page (8)

Debtors: MODEL'S SPORTING GOODS, INC., *et al.*

Case No. 20-14179 (VFP)


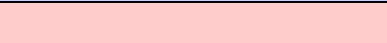
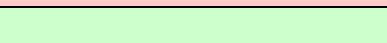
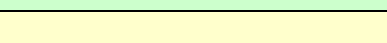
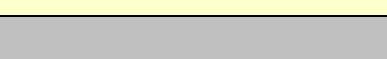
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11 CASES PURSUANT TO 11 U.S.C. §§ 105 AND 305

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13. ~~10.~~ This Court shall retain jurisdiction to hear and determine all matters arising  
from or related to the implementation, interpretation, and/or enforcement of this Order.

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