

Gander Mountain Company, DIP

2/1/2018 – The Court issued an order confirming the Debtors' Plan of Liquidation and granting the Company's motion for substantive consolidation of the Debtors' assets and liabilities. Under the confirmed Plan, holders of secured claims will receive full payment in cash, or in collateral securing the claim. Holders of general unsecured claims will receive a pro rata share of cash in a liquidating trust. **Creditntell** notes that substantive consolidation is the pooling of the assets and liabilities of technically distinct corporate entities or subsidiaries to enable the creditors of these entities to become creditors of a single debtor.

Debtor:	Gander Mountain Company	
Status:	Chapter 11	Actively following case
U.S. Bankruptcy Court: District of Minnesota (St Paul) 316 Robert St N #200, St Paul, MN 55101		
Filing Date:	March 10, 2017	Total Assets: \$500 million - \$1.00 billion
Case No. :	17-30673	Total Liabilities: \$500 million - \$1.00 billion
Judge	Judge Michael E Ridgway	
Attorneys for Debtor and DIP:		Attorneys for Creditors' Committee
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Key Dates in Chapter 11 Case, Comment and Date

Chapter 11 Bankruptcy filing	March 10, 2017
Creditors Committee appointed	March 13, 2017
Hearing on first day motions	March 14, 2017
Interim approval of DIP Facility	March 15, 2017
Amended appointment of Creditors Committee	March 15, 2017
Interim approval to access DIP Facility	March 20, 2017
Authorization to pay critical vendor claims	March 20, 2017
Stalking Horse Bid Deadline	March 23, 2017
Bidding Procedures Hearing	March 24, 2017
Stalking horse bid submitted	March 30, 2017
Hearing on final approval of DIP Facility	April 6, 2017
Final approval of DIP Facility	April 18, 2017
Final approval of 32 store closings	April 18, 2017
Qualified Bid Submission Deadline	April 24, 2017
Auction	April 27, 2017
Camping World Wins Auction – to acquire 17 stores	April 29, 2017
Camping World to acquire up to 70 stores	May 8, 2017
Deadline for filing reclamation and/or 20 day claims	May 14, 2017
Approval of asset purchase agreement	May 15, 2017
Deadline for filing proof of claim forms	July 17, 2017
Confirmation of Plan of Liquidation	January 31, 2018

Creditors Committee Appointed by Office of the US Trustee

Ellett Brothers
 Carhartt, Inc.
 Smith & Wesson Corp.
 Pure Fishing, Inc.
 Benelli USA
 Vista Outdoor Sales, LLC
 National Retail Properties, Inc.
 Liberty Safe and Security Products, Inc.
 DDR Corp

Twenty Largest Creditors as Listed by the Company in its Petition

<u>Creditor</u>	<u>Amount</u>	<u>Creditor</u>	<u>Amount</u>
Vista Outdoor Sales	\$15,178,053.12	Sports South Inc	\$1,411,122.07
Pure Fishing	\$4,546,216.79	Benelli Usa Corp	\$1,218,152.58
Ellett Brothers	\$3,032,840.02	Smith & Wesson	\$1,203,122.73
Sigarms Inc.	\$2,864,981.17	Under Armour	\$1,072,121.50
Remington Arms Co	\$2,624,106.32	Magpul Industries Corp	\$1,028,753.72
Starcom Worldwide, Inc.	\$2,244,233.46	Normark	\$979,864.55
Vortex Optics	\$2,121,449.93	National Retail Properties LP	\$952,252.87
Liberty Safe & Security	\$2,013,223.00	Hydro Flask	\$871,132.32
Bill Hicks & Co Ltd	\$1,691,969.49	Carhartt Inc.	\$855,696.11
5.11 Inc	\$1,495,017.67	Red Wing Brands Of America	\$819,707.82



Current Events

2/1/2018 – The Court issued an order confirming the Debtors' Plan of Liquidation and granting the Company's motion for substantive consolidation of the Debtors' assets and liabilities. Under the confirmed Plan, holders of secured claims will receive full payment in cash, or in collateral securing the claim. Holders of general unsecured claims will receive a pro rata share of cash in a liquidating trust. **Creditnell** notes that substantive consolidation is the pooling of the assets and liabilities of technically distinct corporate entities or subsidiaries to enable the creditors of these entities to become creditors of a single debtor.

10/17/2017 - Camping World Holdings, Inc. will assume leases on 15 former Gander Mountain stores as part of its agreement to acquire a minimum of 17 leases under its bid at the Gander Mountain, DIP bankruptcy auction. The agreement also includes the two Overton's stores, located in Greenville and Raleigh, NC. Camping World previously said that the initial stores will open in November, but it is not clear that these 17 will be the initial ones to open. The Company has not modified its previous statement that its goal is to take between 40 and 70 of the Gander store leases. A conversation with the Company indicated that additional stores (beyond the initial 17) will not be acquired under the lease designation rights associated with the bankruptcy bid, rather Camping World will use its own efforts, most likely negotiating directly with the landlords.

Former Gander Mountain leases to be assumed:

Marquette, MI
Saginaw, MI
Bowling Green, KY
Baxter, MN
Winston-Salem, NC
Kalamazoo (Portage), MI
Kingston, NY
Scranton, PA
Fayetteville, NC
Traverse City, MI
Paducah, KY
Ocala, FL
Onalaska, WI
Utica, MI
Amarillo, TX

5/8/2017 – On April 29, 2017, we reported that the joint bid submitted by a subsidiary of Camping World Holdings, Inc., Tiger Capital Group, LLC, Great American Group WF, LLC, Gordon Brothers Retail Partners, LLC, and Hilco Merchant Resources, LLC was the highest and best bid submitted in the Gander Mountain Company, DIP bankruptcy auction. Camping World committed to take a minimum of 17 stores, lease rights and inventory of two Overtons, the Gander and Overton's e-commerce platforms, and the right to designate all the Gander leases, for \$37.7 million. Camping World has until October 6, 2017 to determine which locations it will take. The transaction was approved by the Bankruptcy Court, and on May 5, 2017 the Court approved the commencement of liquidation sales at all 128 Gander Mountain stores. The GOB sales will continue for approximately 16 weeks.

Today, Camping World reported that it entered into an asset purchase agreement with Gander Mountain under which it obtained the right to designate any real estate leases for assignment to Camping World. CEO Marcus Lemonis said, "Our current goal is to operate seventy or more locations subject to our ability to negotiate lease terms with landlords on terms acceptable to us, and approval of the Bankruptcy Court." The asset purchase agreement is expected to close on or before May 26, 2017.

Camping World said it will finance the re-opening and initial working capital needs of the retail locations, along with the assumption of certain liabilities, with cash on hand, along with additional capital from equity or debt financings.

Creditnell notes Camping World's intent to modify the inventory mix at the acquired units. Mr. Lemonis stated, "The current liquidation of the existing Gander Mountain inventory will allow us to start with a clean slate of what we consider the appropriate mix and level of inventory, including the addition of Camping World and Overton's offerings, where appropriate."



4/29/2017 – In a filing with the Court, Gander Mountain Company, DIP reported on bids received, and the auction held on April 27 and 28, 2017, regarding the proposed sale of its assets.

The Debtors stated that the joint bid submitted by a subsidiary of Camping World Holdings, Inc., Tiger Capital Group, LLC, Great American Group WF, LLC, Gordon Brothers Retail Partners, LLC, and Hilco Merchant Resources, LLC was the highest and best bid submitted. The Debtors request that the Court approve the group as the Successful Bidders. A hearing on the transaction is scheduled for May 3, 2017.

The following is based on published reports:

- The value of the winning bid was about \$390 million, according to people familiar with the matter, and the bid from the Camping World-led group was higher than a going-concern bid from Sportsman's Warehouse Holdings Inc.
- Camping World plans to operate at least 17 of the Gander Mountain stores as a going concern. An auction for over 100 of the remaining leases will be held later, the sources said.
- The group also won all of Gander Mountain's intellectual property and its Overton's boating business.

Credit*tell* notes the following:

- Gander Mountain operated 160 stores prior to its bankruptcy filing. In mid-April the Court approved the closing of 32 of the stores.
- Camping World did not indicate how it plans to finance the transaction. As of December 31, 2016, Camping World was highly leveraged, with a ratio of debt/equity of 16.7x and a ratio of debt/TTM EBITDA of 4.0x.

4/18/2017 – The Court granted final approval of:

- the \$452 million DIP Facility, subject to a roll-up of prepetition ABL obligations totaling \$389.6 million; and
- the Debtor's motion to close 32 underperforming stores. [Click here](#) for the locations of the stores.

The Debtors also filed a motion to consolidate the assets, liabilities, and operations of Overton's, Inc. The Debtors own 100% of the outstanding shares of Overton's which has been operated as a division of Gander Mountain rather than a separate entity. Additionally, the Debtors estimate that of their 1,350 vendors, approximately 80% involve an overlap between Gander and Overton's. A hearing is scheduled for May 1, 2017.

3/30/2017 - Gander Mountain Company, DIP announced that it has filed a stalking horse bid submitted by a joint venture comprised of Gordon Brothers and Hilco Merchant Resources to purchase substantially all of its assets. In its filing, the Company noted that the stalking horse agreement and bid procedures were designed to facilitate a seamless sale of the company as a going-concern. Gander Mountain stated that "the agreement satisfies one of the Company's planned milestones and ensures operational continuity necessary to support a successful sale. Gander Mountain believes it has substantial market value to strategic buyers and that today's agreement provides a competitive baseline to evaluate subsequent offers and maximize value to its stakeholders. The Company and its advisors remain in discussions with a number of interested parties that are engaged in due diligence in an effort to finalize proposals, offers and bids." As previously announced, the Company expects to continue these efforts prior to an auction to be held in late April 2017. The Company expects to submit the winning bid to the Court for approval in early May and anticipates a closing of the sale by May 15.

3/23/2017 – The Court provided a form for filing Reclamation Claims and/or 20 Day Claims under section 503(b)(9). Please [click here](#) for a copy of the claim form, which must be delivered, along with supporting documentation, on or before May 14, 2017 to: (i) the Debtors, c/o Eric R. Jacobson, Chief Administrative Officer and Chief Legal Officer, Gander Mountain Company, 180 East Fifth Street, Suite 1300, St. Paul, MN 55101; and (ii) Fredrikson & Byron, P.A., 200 South Sixth Street, Suite 4000, Minneapolis, MN 55402, attention Clinton E. Cutler and Cynthia Moyer.

3/21/2017 – The Court established July 17, 2017 as the deadline for filing proof of claim forms.

3/20/2017 – The Court authorized the Debtors to access up to \$110 million of the \$452 million DIP Facility on an interim basis, pending final approval at a hearing scheduled for April 6, 2017. The Court also authorized the Debtors to pay prepetition claims of critical vendors, in an amount of up to \$1.5 million



in the aggregate.

3/15/2017 – The U. S. Trustee amended its appointment of the Creditors' Committee to include additional members. The additional members include: Pure Fishing, Inc., Benelli USA, Vista Outdoor Sales, LLC, National Retail Properties, Inc., Liberty Safe and Security Products, Inc., and DDR Corp. The previously appointed members include: Ellett Brothers, Carhartt, Inc., and Smith & Wesson Corp.

3/13/2017 – The U. S. Trustee appointed the Creditors' Committee. The members include: Ellett Brothers, Carhartt, Inc., and Smith & Wesson Corp. It should be noted that it is rare to appoint the Committee this quickly. This is apparently an indication that the case is being fast-tracked.

3/13/2017 - The Debtor filed first day motions to approve:

- Payment of prepetition claims to critical vendors. The Debtors have identified 15 vendors who are deemed to be critical, and who hold prepetition claims of \$1.5 million.
- Procedures for resolving reclamation claims and administrative claims under Section 503(B)(9) of the Bankruptcy Code.
- Engagement of Tiger Capital Group, LLC and Great American Group, LLC to conduct store closing sales. The Debtors have identified 32 underperforming or unprofitable store locations at which they intend to immediately commence closing sales during the pendency of the auction process.
- Authorization to access up to \$110.0 million of a \$452.0 million DIP Facility on an interim basis. The DIP Facility is provided by Wells Fargo Bank, National Association. A hearing on final approval is scheduled for April 6, 2017.
- A sale of all of the Company's assets under Section 363 of the Bankruptcy Code. The Debtor has received a proposal for the sale of all its assets. As of the filing date, the Debtors and the potential purchaser continued to negotiate over terms of a sale but have not yet come to a definitive agreement. If bids for the sale of a substantial portion of the Debtors' assets on a going concern basis are not acceptable to the Debtors, they plan to commence their own "going out of business" sale process for all of the remaining assets. The Debtors propose the following timeline for the sale and auction process:

Stalking Horse Bid Deadline	March 23, 2017
Bidding Procedures Hearing	March 24, 2017
Qualified Bid Submission Deadline	April 24, 2017
Auction	April 27, 2017
Hearing to Approve Sale	May 1, 2017
Closing of Sale	May 15, 2017

The Debtors state that they plan to make a motion to access a proposed DIP Facility. The Debtors cautioned that they will not have sufficient availability to borrow funds under the terms of the DIP Facility after approximately mid-May 2017 if they maintain the present course and conduct of their business.

Documents in the Chapter 11 case indicate that Gander Mountain (GMC) and Overton's are run as one business. GMC is the parent company of Overton's, and GMC owns 100% of the outstanding shares of Overton's. The Debtors stated that "On a prepetition basis, the Debtors had substantial overlap of their creditors, not only their secured lenders, but also creditors who have sold, or may continue to sell goods. In its prepetition operations, the Debtors did not distinguish between the purchase of inventory as being allocated to Overton's or GMC."

As of the petition date, the Debtors operated 160 stores in 27 states.

3/10/2017 - Gander Mountain Company, DIP filed a voluntary Chapter 11 petition in the U.S. Bankruptcy Court in the District of Minnesota. A judge has not yet been assigned to the case. The proceedings have been assigned case number **17- 30673**.

Separately, Gander Mountain's wholly-owned subsidiary, Overton's, Inc., filed a voluntary Chapter 11 petition and was assigned case number **17-30675**. The Debtors intend to file an expedited motion for joint administration of their chapter 11 cases and ultimately a motion to substantively consolidate their cases.



Documents in the filing state that the Debtors believe that funds will be available for distribution to unsecured creditors.

The Company stated the following:

Gander Mountain Company announced today that, to maximize the opportunity to achieve a “going-concern” sale of its business, it and certain of its subsidiaries have filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code.

Today’s action is the result of an in-depth review of the company’s strategic options undertaken in recent months to preserve the value of the company and position it for long-term success. Like many retailers, Gander Mountain experienced challenging traffic patterns and shifts in consumer demand resulting from increased direct-to-customer sales by key vendors and accelerated growth of e-commerce. Despite aggressive actions to improve the efficiency of the company’s retail operations and support functions, the underlying financial impact from underperforming stores and unproductive, excess inventory hampered efforts to create a sustainable path forward.

The company’s strategic review yielded the following conclusions:

The company does not have the financial capacity or time to reset its operations to fully implement the new model and, as a result;

The best available path forward is to sell the company on a going-concern basis.

The Company states that it believes the court’s protections will enable it to manage the sale process on an expedited basis while protecting the interests of its customers, employees and other stakeholders. Gander Mountain is in active discussions with a number of parties interested in a going-concern sale and expects to solicit bids prior to an auction to be held in late April 2017. The company expects to submit the winning bid to the Court for approval in early May and anticipates a closing of the sale by May 15.

The company generally expects to conduct normal business operations during the pendency of its restructuring. Employee pay will continue to arrive on time and in full, employee benefits will remain in place, retirement accounts are intact and protected. As a product of the company’s strategic review, 32 underperforming retail locations will begin a shutdown process in the next several weeks.

The company has obtained a committed debtor-in-possession financing facility underwritten by Wells Fargo. Subject to court approval, this DIP financing, combined with cash from operations, is expected to provide sufficient liquidity to support the company’s continuing business operations and to minimize any disruption during the reorganization process.

We previously reported the following:

- February 16, 2017 Executive Review – Discussion of management’s strategic options
- February 15, 2017 Special Update - Statement from president; Company hires advisor
- February 13, 2017 Credit Rating Change Alert - Credit rating downgraded to **F2**, due to operational pressure and reduced flow of inventory
- December 16, 2016 Special Update - New president appointed
- July 26, 2016 Industry Credit Rating Report – Downgraded to **F1**
- October 30, 2015 Special Update - Executive changes
- September 23, 2015 Special Update - CFO resigns

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