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Filene's Basement files for Chapter 11; reaches agreement to sell 17 stores

May 20, 2009 - Retail

Filene's Basement recently filed to reorganize under Chapter 11 of the Federal Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware.

Concurrent with the filing, the company announced that it had entered into an agreement, subject to Bankruptcy Court approval, with an affiliate of Crown Acquisitions to purchase 17 of the chain's 25 stores, including the flagship stores in Boston and Union Square. Crown, which is based in New York, intends to continue to operate the stores under the Filene's Basement name, while maintaining the chain's value merchandising model.

The contract with Crown is subject to a Bankruptcy Court auction under which additional offers for the 17 stores, the remaining Filene's Basement stores, and other Filene's assets will be solicited. The auction is expected to be held in approximately five weeks, subject to the approval of the Bankruptcy Court.

"This transaction provides an excellent opportunity to continue the Filene's Basement tradition of top quality apparel at low prices in most of the chain's marquee locations," said Scott Rusczyk, president of FB Acquisition II, the Buxbaum Group affiliate that acquired Filene's Basement on April 20th.

Advisors to Filene's Basement include Alan Cohen, who was engaged as chief restructuring officer, and Pachulski, Stang, Ziehl & Jones LLP, which was retained as counsel. Morris Missry and Scott Lesser of Wachtel & Masyr, LLP, and Arthur Steinberg of King & Spaulding advised Crown Acquisitions in connection with this matter.

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