

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SPORTS AUTHORITY HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 16-____ (____)

(Joint Administration Requested)

DEBTORS' MOTION FOR INTERIM AND FINAL ORDERS AUTHORIZING (A) CONTINUED USE OF CASH MANAGEMENT SYSTEM; (B) MAINTENANCE OF EXISTING BANK ACCOUNTS; (C) CONTINUED USE OF EXISTING BUSINESS FORMS; (D) CONTINUED PERFORMANCE OF INTERCOMPANY TRANSACTIONS IN THE ORDINARY COURSE OF BUSINESS AND GRANT OF ADMINISTRATIVE EXPENSE STATUS FOR POSTPETITION INTERCOMPANY CLAIMS; AND (E) INTERIM WAIVER OF SECTION 345(b) DEPOSIT AND INVESTMENT REQUIREMENTS

Sports Authority Holdings, Inc. and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) hereby move this Court (this “Motion”) for entry of an interim order (the “Interim Order”) and a final order (the “Final Order”), substantially in the forms annexed hereto as Exhibit A and Exhibit B, respectively, pursuant to sections 105, 345, 363, 364(a), 503(b), 1107(a), and 1108 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2015-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), authorizing (a) the Debtors to (i) continue to use their Cash Management System (defined below), (ii) maintain existing Bank Accounts and Credit Cards (each as defined below), authorizing a waiver of certain operating guidelines relating to bank

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Sports Authority Holdings, Inc. (9008); Slap Shot Holdings, Corp. (8209); The Sports Authority, Inc. (2802); TSA Stores, Inc. (1120); TSA Gift Card, Inc. (1918); TSA Ponce, Inc. (4817); and TSA Caribe, Inc. (5664). The headquarters for the above-captioned Debtors is located at 1050 West Hampden Avenue, Englewood, Colorado 80110.



accounts, and (iii) continue to use existing Business Forms (defined below), (b) continued performance of Intercompany Transactions and grant of administrative expense status for postpetition Intercompany Claims (defined below), and (c) an interim waiver of the deposit and investment requirements of section 345(b) of the Bankruptcy Code. The Debtors also request that this Court authorize all Banks (defined below) with which the Debtors maintain accounts to continue to maintain, service, and administer such accounts on behalf of such Debtors. In support of the Motion, the Debtors rely upon and incorporate by reference the *Declaration of Jeremy Aguilar in Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief* (the "First Day Declaration"), which was filed concurrently herewith. In further support of this Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b), and pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief requested herein are sections 105, 345, 363, 364(b), 503(b), 1107(a), and 1108 of the Bankruptcy Code, Bankruptcy Rules 2002, 6003, 6004, and 9007, and Local Rule 2015-2.

BACKGROUND

A. General Background

2. On the date hereof (the “Petition Date”), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors are continuing to manage their financial affairs as debtors in possession.

3. Contemporaneously herewith, the Debtors filed a motion seeking joint administration of their chapter 11 cases (collectively, the “Chapter 11 Cases”) pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1. No trustee, examiner, or official committee of unsecured creditors has been appointed in these Chapter 11 Cases.

4. Information regarding the Debtors’ history and business operations, capital structure and primary secured indebtedness, and the events leading up to the commencement of these Chapter 11 Cases, can be found in the First Day Declaration.

B. The Debtors’ Cash Management System

5. The Debtors’ business requires the collection, payment, and transfer of funds through numerous bank accounts. In the ordinary course of business and prior to the Petition Date, the Debtors maintained a centralized cash management system (the “Cash Management System”). Like other large businesses, the Debtors designed their Cash Management System to efficiently collect, transfer, and disburse funds generated through the Debtors’ operations and to accurately record such collections, transfers, and disbursements as they are made. The Debtors’ financial personnel manage the Cash Management System from the Debtors’ treasury department in Englewood, Colorado. The Debtors’ Cash Management System is comprised of 21 bank accounts. Each general category of accounts is described below and a diagram of the Cash Management System is annexed hereto as Exhibit C.

6. The Cash Management System includes the following corporate debit and credit cards (collectively, the “Credit Cards”) and bank accounts (collectively, the “Bank Accounts”) at various banks (collectively, the “Banks”) listed in the schedule annexed hereto as Exhibit D:

- a. *Depository Accounts.* The Debtors maintain several depository accounts (collectively, the “Depository Accounts”). These accounts are used to deposit funds from the Debtors’ stores and other sources into the Debtors’ Cash Management System. The Depository Accounts are zero balance accounts (“ZBAs”). Excess funds remaining in the Depository Accounts at Wells Fargo Bank, N.A. at the end of each day are swept into the Debtors’ Cash Dominion Account. Excess funds in the Depository Accounts at the Bank of Hawaii and Banco Popular de Puerto Rico are swept approximately once a week into the Debtors’ Concentration Account. Excess funds in the Depository Account at Bank of America, N.A. are swept daily to pay down the Debtors’ outstanding balance on their revolving credit facility.
- b. *Cash Dominion Account.* Funds from the Depository Accounts maintained at Wells Fargo Bank, N.A. are swept to a cash dominion account (the “Cash Dominion Account”) maintained at Wells Fargo Bank, N.A. by Debtor TSA Stores, Inc. Several of the Debtors’ incoming ACH transactions are routed into the Cash Dominion Account. Funds from the Cash Dominion Account are swept daily to pay down the Debtors’ outstanding balance on their revolving credit facility.
- c. *Concentration Account.* Funds from the Cash Dominion Account and the Depository Accounts at the Bank of Hawaii and Banco Popular de Puerto Rico are swept to a concentration account (the “Concentration Account”) maintained at Wells Fargo Bank, N.A. by Debtor TSA Stores, Inc. In general, the Debtors’ incoming and outgoing ACH transactions are also routed through the Concentration Account. Excess funds in the Debtors’ Concentration Account are used to pay down the Debtors’ outstanding balance on their revolving credit facility. Anticipated shortfalls in the Debtors’ Concentration Account are funded by borrowing under the Debtors’ revolving credit facility.
- d. *Payroll and A/P Accounts.* The Debtors maintain various accounts for payroll and accounts payable (the “Payroll Accounts” and the “A/P Accounts”). The ZBA Payroll Accounts and A/P Accounts are funded from the Concentration Account as checks are presented for payment.
- e. *Bike License Imprest Accounts.* The Debtors maintain several accounts in which they deposit a portion of the amounts received from the sale of

bicycles in Hawaii (the “Bike License Accounts”). These amounts are owed to relevant authorities in the State of Hawaii for licensure of the bicycles sold by the Debtors. The amounts held in the Bike License Accounts are periodically paid to the relevant authorities as required under applicable law.

- f. *Corporate Credit Cards.* The Debtors maintain several corporate debit and credit cards issued under the WellsOne Commercial Card Agreement, dated on or around September 16, 2002 (as amended, restated, supplemented or otherwise modified from time to time, the “P-Card Agreement”), between certain of the Debtors and Wells Fargo Bank, N.A., subject to the terms and conditions thereof (the “P-Cards”) and by American Express that are used for business and travel expenses (the “Corporate Purchasing Cards”). The balances are paid through ACH transfer from the Concentration Account. With respect to the Corporate Purchasing Cards, the Debtors’ employees are jointly liable for the outstanding balances.
- g. *Travel Account.* The Debtors maintain a corporate travel account (the “Travel Account”) with American Express Travel Related Services Company, Inc. that they use to charge employee business travel for airlines, hotels, and car rental companies. Certain of the Debtors’ employees are personally liable on the Travel Account.

7. The Cash Management System is a mainstay of the Debtors’ ordinary, usual, and essential business practices. The Debtors’ system provides numerous benefits, including the ability to (a) quickly create status reports on the location and amount of funds, thereby allowing management to track and control corporate funds; (b) ensure cash availability and prompt payment of corporate, employee and vendor related expenses; and (c) reduce administrative costs by facilitating the efficient movement of funds.

C. The Debtors’ Existing Business Forms and Check Stock

8. In the ordinary course of business, the Debtors use a variety of checks and business forms. To minimize expenses to their estates and avoid unnecessarily confusing their employees, customers, and suppliers, the Debtors believe it is appropriate to continue to use all checks, correspondence, and other business forms (including, without limitation, letterhead,

purchase orders, and invoices) (collectively, the “Business Forms”) as such forms were in existence immediately before the Petition Date—without reference to the Debtors’ status as debtors in possession—rather than requiring the Debtors to incur the expense and delay of ordering entirely new business forms. With respect to checks, the Debtors generally print their own checks from existing check stock and as debtors in possession will print checks with a new postpetition sequence number and reference to the Debtors’ status as debtors in possession and bankruptcy case number as soon as it is reasonably practical to do so.²

9. Shortly before the Petition Date, the Debtors generally stopped issuing written checks, except in limited circumstances such as issuing a check to procure critical goods and services needed to continue operations. All checks issued prepetition are readily identifiable by check sequence.

D. The Debtors’ Intercompany Transactions

10. Prior to the Petition Date, in the ordinary course of their business, the Debtors engaged in intercompany transactions and transfers (the “Intercompany Transactions”) related to their gift card program, the collection of credit card receivables, the payment of expenses and intercompany loans. The Intercompany Transactions may result in intercompany receivables and payables (the “Intercompany Claims”).

11. The Debtors maintain strict records of transfers of cash and can readily ascertain, trace and account for all such intercompany transactions. The Debtors will continue to maintain such records, including records of all current intercompany accounts receivable and payable.

12. If the Intercompany Transactions were discontinued, the Cash Management System and related administrative controls would be disrupted to the Debtors’ detriment. As

² In some instances it may be necessary to use a stamp to indicate the Debtors’ status as debtors in possession. However, in all instances the Debtors will be able to identify and track the checks that are issued postpetition.

described in more detail below, discontinuing the Intercompany Transactions would disrupt the Debtors' business operations, harming their creditors and other parties in interest. Accordingly, the Debtors seek authority to continue the Intercompany Transactions, and request, pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code, that postpetition Intercompany Claims resulting from ordinary course Intercompany Transactions be accorded administrative priority.

E. The Debtors' Depository Policies and Practices

13. Prior to the Petition Date, in the ordinary course of their business, the Debtors developed policies and practices for deposits ("Prepetition Practices") of excess funds within the Cash Management System. In particular, under the Prepetition Practices, excess funds within the Cash Management System are either (a) maintained in domestic bank accounts below amounts insured by the United States (through FDIC or FSLIC), (b) maintained in domestic banks that have signed Uniform Depository Agreements with the United States Trustee for Region Three, or (c) used to pay down outstanding loan balances.

14. The Debtors seek an interim waiver for 60 days of section 345(b) of the Bankruptcy Code. The waiver would permit the Debtors to maintain their Bank Accounts without posting a bond or other security, as would otherwise be required under section 345(b), while the Debtors take steps to comply with the requirements of the Bankruptcy Code, if necessary.

RELIEF REQUESTED

15. The Debtors seek entry of the Interim Order and the Final Order, pursuant to sections 105, 345, 363, 364(b), and 503(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2, authorizing (a) continued use of their Cash Management System, (b) maintenance of existing Bank Accounts, including a waiver of certain operating guidelines relating to bank accounts, (c) continued use of existing Business Forms, (d) continued

performance of Intercompany Transactions and grant of administrative status for postpetition Intercompany Claims, and (e) an interim waiver of the deposit and investment requirements of section 345(b) of the Bankruptcy Code to the extent they apply to any of the Debtors' Bank Accounts.

16. To enable the Debtors to carry out the relief requested, the Debtors also request that the Court authorize the Banks to continue to service and administer the Bank Accounts as accounts of the Debtors as debtors in possession without interruption and in the usual and ordinary course, and to receive, process, honor and pay any and all checks and drafts drawn on, or electronic transfer requests made on, the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be, in accordance with the orders of this Court.

BASIS FOR RELIEF REQUESTED

A. Continued Use of the Cash Management System Is Essential to the Debtors' Business Operations

17. In light of the substantial size and complexity of the Debtors' operations, the maintenance of the Debtors' current Cash Management System is important for the preservation and enhancement of the value of the Debtors' business.

18. The Debtors' request for authorization to continue to use their Cash Management System is consistent with section 363(c)(1) of the Bankruptcy Code, which authorizes a debtor in possession to "use property of the estate in the ordinary course of business, without notice or a hearing." 11 U.S.C. § 363(c)(1). Section 363(c)(1) is intended to provide a debtor in possession with the flexibility to engage in the ordinary transactions required to operate its business. *See, e.g., In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992); *see also In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 796 (Bankr. D. Del. 2007). Included within the purview of section 363(c) is a debtor's ability to continue the routine transactions necessitated by its cash management

system. *See Amdura Nat'l Distrib. Co. v. Amdura Corp. (In re Amdura Corp.)*, 75 F.3d 1447, 1453 (10th Cir. 1996). Nevertheless, the Debtors bring this Motion out of an abundance of caution, to the extent any aspect of the Cash Management System could be considered as outside the ordinary course of business for purposes of section 363(c).

19. Courts in this and other districts have noted that an integrated cash management system “allows efficient utilization of cash resources and recognizes the impracticalities of maintaining separate cash accounts for the many different purposes that require cash.” *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 934 (Bankr. D. Del. 1992), *rev'd on other grounds*, 997 F.2d 1039 (3d Cir. 1993); *see also Southmark Corp. v. Grosz (In re Southmark Corp.)*, 49 F.3d 1111, 1114 (5th Cir. 1995) (finding cash management system allows a debtor “to administer more efficiently and effectively its financial operations and assets”). The United States Court of Appeals for the Third Circuit has agreed, emphasizing that requiring a debtor to maintain separate accounts “would be a huge administrative burden and economically inefficient.” *In re Columbia Gas Sys., Inc.*, 997 F.2d 1039, 1061 (3d Cir. 1993). For these reasons, the Debtors should be permitted to continue their Cash Management System.

20. The Cash Management System has been used by the Debtors for many years and is a customary and essential business practice. The widespread use of such systems demonstrates the numerous benefits they provide, including the ability to control and monitor corporate funds, invest idle cash, ensure cash availability, and reduce administrative expenses by facilitating the movement of funds. In light of the size and complexity of the Debtors' operations, the value of the Debtors' estates cannot be maximized if the Cash Management System is substantially disrupted. In addition, preserving a “business as usual” atmosphere and avoiding the unnecessary distractions that inevitably would be associated with any substantial

disruption of the Cash Management System will facilitate the stabilization of the Debtors' business operations.

21. Parties in interest will not be harmed by the Debtors' maintenance of the Cash Management System, including the Bank Accounts, because the Debtors have implemented appropriate mechanisms to ensure that unauthorized payments will not be made on account of obligations incurred prior to the Petition Date. Specifically, with the assistance of their professionals and consistent with prior practice, the Debtors will continue to maintain detailed records of all transfers of cash and record all transactions on applicable accounts. Therefore, the Debtors should be permitted to continue to manage their cash and transfer monies among the Bank Accounts in accordance with the Cash Management System.

22. In complex chapter 11 cases such as these, courts have granted substantially similar relief. *See, e.g., In re The Standard Register Company*, Case No. 15-10541 (BLS) (Bankr. D. Del. Mar. 13, 2015); *In re Brookstone Holdings Corp.*, Case No. 14-10752 (BLS) (Bankr. D. Del. Apr. 4, 2014); *In re F&H Acquisition Corp.*, Case No. 13-13220 (KG) (Bankr. D. Del. Dec. 17, 2013); *In re Overseas Shipholding Group, Inc.*, Case No. 12-20000 (PJW) (Bankr. D. Del. Jan. 24, 2013); *In re Vertis Holdings, Inc.*, Case No. 12-12821 (CSS) (Bankr. D. Del. Nov. 1, 2012); *In re THQ Inc.*, Case No. 12-13398 (MFW) (Bankr. D. Del. Dec. 20, 2012); *In re Delta Petroleum Corp.*, Case No. 11-14006 (KJC) (Bankr. D. Del. Dec. 16, 2011). Similar authorization is appropriate in these Chapter 11 Cases.

B. The Court Should Authorize the Debtors to Maintain Existing Bank Accounts

23. The Office of the United States Trustee ("U.S. Trustee") has established several operating guidelines for chapter 11 debtors in possession, including a requirement that the debtor in possession open new bank accounts and close all existing accounts. This requirement was designed to provide a clear line of demarcation between prepetition and postpetition claims and

payments and to help protect against the inadvertent payment of prepetition claims. The U.S. Trustee's guidelines also require opening a separate operating account and a special tax payment account into which all funds (including funds held in trust for employee tax withholdings) that may be collected and/or payable during the pendency of a debtor's case will be deposited. This requirement is meant to provide cash collateral for, and ensure payment of, certain priority tax claims such as federal and state payroll taxes and sales taxes.

24. To avoid substantial disruption to the normal operation of their business and to preserve a "business as usual" atmosphere, the Debtors request that they be permitted to continue to use the existing Bank Accounts without establishing separate accounts for cash collateral or tax payments. Allowing the Debtors to maintain the Bank Accounts will assist them in accomplishing a smooth transition to operations under chapter 11. Moreover, the Debtors can distinguish between prepetition and postpetition obligations and payments without closing the Bank Accounts and opening new ones. Additionally, all Banks with which the Debtors maintain the Bank Accounts will be immediately advised not to honor checks, advises, drafts, or other requests for payment issued prior to the Petition Date, except as otherwise expressly permitted by an order of the Court and directed by the Debtors. Therefore, the goals of the U.S. Trustee guidelines can be satisfied, and the Debtors' creditors can be protected, without closing the Bank Accounts.

25. In addition, the Debtors are current on all of their known priority tax obligations and have strict systems in place to make sure that these claims are satisfied on a timely basis. Altering the Bank Account structure would interrupt these systems, thereby significantly disrupting the Debtors' business operations and jeopardizing the Debtors' prompt and timely payment of employee taxes and other priority tax obligations. The Debtors' systems provide the

protections required by the U.S. Trustee guidelines—ensuring payment of taxes—without requiring the creation of new accounts and payment procedures.

26. Thus, the Debtors respectfully request that the Court authorize the Banks to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course of business. In this regard, the Banks should be authorized to receive, process, honor, and pay any and all checks, automated clearing house payments (“ACH Payments”) and other instructions, and drafts payable through, drawn, or directed on such Bank Accounts after the Petition Date by holders, makers, or other parties entitled to issue instructions with respect thereto, whether such checks, drafts, wires, or ACH Payments are dated prior to or subsequent to the Petition Date consistent with any order of the Court and governing law; *provided, however*, that any check, advise, draft, or other notification that the Debtors advised the Banks to have been drawn, issued, or otherwise presented prior to the Petition Date may be honored by the Banks only to the extent authorized by order of the Court.

27. The Debtors also request that, to the extent a Bank honors a prepetition check or other item drawn on any account that is the subject of this Motion either (a) at the direction of the Debtors, (b) in a good-faith belief that the Court has authorized such prepetition check or item to be honored, or (c) as the result of an innocent mistake despite the above-described protective measures, such Bank will not be deemed to be liable to the Debtors or to their estates on account of such prepetition check or other item honored postpetition. Both as part of this Motion and in other motions that have been concurrently filed, the Debtors are requesting authority, but not direction, to pay certain prepetition obligations. With respect to some of these obligations, the Debtors issued checks prior to the Petition Date that have yet to clear the

banking system. In other instances, the Debtors will create the relevant check once the Court enters an order permitting the Debtors to do so. The Debtors intend to inform the Banks which such checks should be so honored. Therefore, the Debtors request that the Banks be authorized to rely on the representations of the Debtors with respect to whether any check or other payment order drawn or issued by the Debtor prior to the Petition Date should be honored. The Debtors respectfully submit that such relief is reasonable and appropriate because the Banks are not in a position to independently verify or audit whether a particular item may be paid in accordance with a court order or otherwise.

28. As an essential part of the operation of their business, the Debtors required employees to use the P-Cards and the Corporate Purchasing Cards to pay for the Company's procurement of certain items, such as office supplies, which are used in the ordinary course of the operation of the Debtors' business, and to pay for certain other business-related expenses such as certain of the Debtors' community marketing efforts. Use of the P-Cards and the Corporate Purchasing Card accounts is an integral part of the Debtors' cash management and account functions, and continuation of the ability of the Debtors' employees to use the P-Cards and the Corporate Purchasing Cards for procurement is essential to the continued operation of the Debtors' business. As an additional essential part of the operation of their business, the Debtors required certain employees to charge expenses for business travel which is undertaken in the ordinary course of performing their job functions to the Debtors' Travel Account. Use of the Travel Account is an integral part of the Debtors' cash management and account functions, and continuation of the ability of the Debtors' employees to use the Travel Account for business travel is essential to the continued operation of the Debtors' business. If the outstanding balances on the Corporate Purchasing Card accounts or Travel Account are not paid, the certain

of the Debtors' employees may be held personally liable to pay such balances. The Debtors do not believe that as of the Petition Date there are any outstanding balances under the P-Cards, the Corporate Purchasing Card accounts, or the Travel Account.

29. In the ordinary course of business, the Banks charge, and the Debtors pay, honor, or allow the deduction from the appropriate account, certain service charges and other fees, costs, and expenses (collectively, the "Bank Fees"). The Debtors respectfully request that the Court authorize the Banks to (a) continue to charge the Debtors the Bank Fees and (b) charge-back returned items to the Bank Accounts in the ordinary course of business, whether such items are dated prior to, on, or subsequent to the Petition Date. The Debtors further request that the Court order that the liens on any of the Bank Accounts granted to creditors will not have priority over the Bank Fees of the respective Bank at which the Bank Account is located.

30. Although the Debtors are requesting the waiver of the requirement that they close all Bank Accounts and open new debtor-in-possession bank accounts, the Debtors may determine, in their business judgment, that opening new bank accounts and/or closing existing Bank Accounts is in the best interests of the estates. Nothing contained herein should prevent the Debtors from opening any additional bank accounts, or closing any existing Bank Accounts, as they may deem necessary and appropriate in their sole discretion, or as required by any debtor in possession financing agreements that are approved by the Court; *provided, however*, that any new domestic account is established at a bank that is insured with the FDIC or the FSLIC and organized under the laws of the United States or any State therein, or, in the case of accounts that may carry a balance exceeding the insurance limitations set thereby, on the U.S. Trustee's List of Authorized Bank Depositories for the District of Delaware.

31. Consistent with the relief courts in this District have granted in other chapter 11 cases, the Debtors' continued use of the Bank Accounts should be authorized. *See, e.g., In re The Standard Register Company*, Case No. 15-10541 (BLS) (Bankr. D. Del. Mar. 13, 2015); *In re Brookstone Holdings Corp.*, No. 14-10752 (BLS) (Bankr. D. Del. Apr. 4, 2014); *In re F&H Acquisition Corp.*, No. 13-13220 (KG) (Bankr. D. Del. Dec. 17, 2013); *In re Overseas Shipholding Group, Inc.*, No. 12-20000 (PJW) (Bankr. D. Del. Jan. 24, 2013); *In re Vertis Holdings, Inc.*, No. 12-12821 (CSS) (Bankr. D. Del. Nov. 1, 2012); *In re THQ Inc.*, No. 12-13398 (MFW) (Bankr. D. Del. Dec. 20, 2012); *In re Delta Petroleum Corp.*, No. 11-14006 (KJC) (Bankr. D. Del. Dec. 16, 2011).

C. The Debtors Should be Authorized to Use Existing Check Stock and Related Business Forms

32. Local Rule 2015-2(a) provides:

Where the debtor uses pre-printed checks, upon motion of the debtor, the Court may, without notice and hearing, permit the debtor to use its existing checks without the designation "Debtor-in-Possession" and use its existing bank accounts. However, once the debtor's existing checks have been used, the debtor shall, when reordering checks, require the designation "Debtor-in-Possession" and the corresponding bankruptcy number on all such checks.

Del. Bankr. L.R. 2015-2(a).

33. The Debtors use numerous Business Forms in the ordinary course of their business. In order to minimize expenses to their estates, the Debtors request authority to continue using their existing prepetition Business Forms without reference to their status as debtors in possession or any other alteration. It is essential that the Debtors be authorized to continue using their existing Business Forms because they routinely deal with a large number of vendors and customers, and changing business forms would impose a substantial burden without corresponding benefit. With respect to checks, the Debtors print all checks in-house on blank stock and will label postpetition checks with the legend "Debtor in Possession" and the Debtors'

bankruptcy case number once it is reasonably practicable for the Debtors to modify their printing process.³

34. Courts in this District have routinely granted the same or similar relief as requested in the Motion to chapter 11 debtors. *See, e.g., In re The Standard Register Company*, Case No. 15-10541 (BLS) (Bankr. D. Del. Mar. 13, 2015); *In re A123 Sys., Inc.*, Case No. 12-12859 (KJC) (Bankr. D. Del. Oct. 18, 2012) (granting interim relief); *In re WP Steel Venture LLC*, No. 12-11661 (KJC) (Bankr. D. Del. Jun. 1, 2012); *In re DSI Holdings, Inc.*, Case No. 11-11941 (KJC) (Bankr. D. Del. June 28, 2011); *In re Friendly Ice Cream Corp.*, Case No. 11-13167 (KG) (Bankr. D. Del. Oct. 6, 2011); *In re Neb. Book Co.*, Case No. 11-12005 (PJW) (Bankr. D. Del. June 28, 2011); *In re L.A. Dodgers LLC*, Case No. 11-12010 (KG) (Bankr. D. Del. June 28, 2011).

D. Cause Exists to Permit Continued use of Intercompany Transactions and Postpetition Intercompany Claims Should Be Given Administrative Priority Status

35. As described above, the Debtors enter into certain Intercompany Transactions in the ordinary course of business. The Intercompany Transactions reduce the administrative costs incurred by the Debtors. If the Intercompany Transactions were to be discontinued, the Cash Management System and related administrative controls would be disrupted.

36. The continuation of the Intercompany Transactions will not prejudice the Debtors' estates or their creditors. Furthermore, the Debtors maintain strict records of all transfers of cash and can account for all such Intercompany Transactions. Accordingly, the Debtors believe that continuation of the Intercompany Transactions is in the best interests of the Debtors' estates and creditors.

³ In some instances it may be necessary to use a stamp to indicate the Debtors' status as debtors in possession. However, in all instances the Debtors will be able to identify and track the checks that are issued Postpetition.

37. Because the Debtors engage in Intercompany Transactions on a regular basis and such transactions are common among similar enterprises, the Debtors believe the Intercompany Transactions are ordinary course transactions within the meaning of section 363(c)(1) of the Bankruptcy Code and, therefore, do not require the Court's approval. Nonetheless, out of an abundance of caution, the Debtors are seeking express authority to engage in such transactions on a postpetition basis. The continued performance of the ordinary course Intercompany Transactions is necessary to ensure the Debtors' ability to operate their business after the Petition Date.

38. To ensure that each individual Debtor will not fund, at the expense of its own creditors, the operations of another Debtor, the Debtors respectfully request that, pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code, all Intercompany Claims arising after the Petition Date be awarded administrative expense priority status. If all Intercompany Claims against the Debtors are accorded administrative expense priority status, each entity will continue to bear the ultimate payment responsibility for such ordinary course transactions.

39. Section 503(b)(1) of the Bankruptcy Code provides, in pertinent part, that after notice and a hearing "there shall be allowed administrative expenses . . . including the actual, necessary costs and expenses of preserving the estate including – wages, salaries, and commissions for services rendered after the commencement of the case" 11 U.S.C. § 503(b)(1). Administrative expense treatment for intercompany transactions has been granted in other comparable chapter 11 cases in this District and should be granted here. *See, e.g., In re Physiotherapy Holdings, Inc.*, No. 13-12965 (KG) (Bankr. D. Del. Nov. 14, 2013); *In re School Specialty, Inc.*, No. 13-10125 (KJC) (Bankr. D. Del. Jan. 30, 2013); *In re Overseas Shipholding Group, Inc.*, No. 12-20000 (PJW) (Bankr. D. Del. Jan. 24, 2013); *In re THQ Inc.*, No. 12-13398

(MFW) (Bankr. D. Del. Dec. 20, 2012); *In re PMI Grp., Inc.*, No. 11-13730 (BLS) (Bankr. D. Del. Jan. 6, 2012); *In re William Lyon Homes*, No. 11-14019 (CSS) (Bankr. D. Del. Dec. 20, 2011).

E. Cause Exists to Grant an Interim Waiver of Section 345(b) to Allow the Debtors to Continue Use of Their Cash Management System Without the Need to Post a Bond or Provide Other Security

40. Pursuant to section 345(b) of the Bankruptcy Code, any deposit or other investment made by a debtor, except those insured or guaranteed by the United States or by a department, agency or instrumentality of the United States or backed by the full faith and credit of the United States, must be secured by a bond in favor of the United States that is secured by the undertaking of a corporate surety approved by the U.S. Trustee or by the deposit of securities of the kind specified in 31 U.S.C. § 9303. *See* 11 U.S.C. § 345(b). Section 345(b) provides further, however, that a bankruptcy court may allow the use of alternatives to these approved investment guidelines “for cause.” *Id.*; *see also In re Serv. Merch. Co.*, 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999). Moreover, Local Rule 2015-2 provides that, if a motion for waiver of the section 345 requirements is filed on the first day of a chapter 11 case, the Court may grant an interim waiver of the section 345 requirements until such motion is heard. *See* Local Rule 2015-2.

41. In *Service Merchandise*, the court identified the following factors for determining whether cause exists to waive the requirements of Bankruptcy Code section 345(b):

- (a) the sophistication of the debtor’s business;
- (b) the size of the debtor’s business operations;
- (c) the amount of investments involved;
- (d) the bank ratings of the financial institutions where the debtor’s funds are held;

- (e) the complexity of the case;
- (f) the safeguards in place within the debtor's own business for insuring the safety of the funds;
- (g) the debtor's ability to reorganize in the face of a failure of one or more of the financial institutions;
- (h) the benefit to the debtor of current practices;
- (i) the harm, if any, to the estate; and
- (j) the reasonableness of the debtor's request for relief from the section 345(b) requirements in light of the overall circumstances of the case.

Service Merchandise, 240 B.R. at 896. Examining these factors, the *Service Merchandise* court concluded that "cause" existed in that case because the debtors were "large, sophisticated [companies] with a complex cash management system," with the ability to shift money as needed to insure the safety of their funds. *Id.* Moreover, the benefits to the debtor of waiving the section 345(b) requirements far outweighed any potential harm to the estate, and the failure to waive the requirements "would needlessly handcuff this debtor's reorganization efforts." *Id.* at 896-97.

42. As in *Service Merchandise*, the Debtors operate a sophisticated enterprise with a complex Cash Management System that provides the Debtors with the ability to transfer funds rapidly to ensure their safety. In light of the *Service Merchandise* factors and the safety of the institutions that the Debtors propose to utilize as a continuation of their Prepetition Practices, the Debtors believe that sufficient cause exists to allow deviation from the investment guidelines set forth in section 345(b) of the Bankruptcy Code. Satisfaction of those requirements would impose needless costs on the Debtors' estates and the process of satisfying those requirements would lead to needless inefficiencies in the management of the Debtors' business.

43. The Debtors hereby request that this Court grant them a 60-day extension of the time to comply with the investment requirements of section 345 and authorize the Debtors to continue investing their excess funds in accordance with the Prepetition Practices. During the extension period, the Debtors propose to discuss with the U.S. Trustee what modifications to their Prepetition Practices, if any, would be appropriate under the circumstances.

44. Courts in this District have granted relief similar. *See, e.g., In re The Standard Register Company*, Case No. 15-10541 (BLS) (Bankr. D. Del. Mar. 13, 2015); *In re Ambient Corp.*, Case No. 14-11791 (KG) (Aug. 11, 2014) (waiving 345(b) deadline); *In re Natrol, Inc.*, Case No. 14-11446 (BLS) (June 23, 2014) (granting a 75-day waiver of the 345(b) deadline); *In re Altegrity, Inc.*, Case No. 15-10226 (LSS) (Feb. 10, 2015) (granting a 60-day waiver of the 345(b) deadline); *In re Trump Entm't Resorts, Inc.*, Case No. 14-12103 (KG) (Sept. 10, 2014) (same); *In re Orchard Supply Hardware Stores Corp.*, Case No. 13-11565 (CSS) (June 18, 2013) (same).

F. The Court Should Authorize Applicable Banks to Continue to Service and Administer the Debtors' Bank Accounts

45. In connection with the foregoing, the Debtors respectfully request that the Court (a) authorize all applicable Banks to receive, process, honor, and pay all checks and transfers issued by the Debtors in accordance with this Motion, without regard to whether any checks or transfers were issued before or after the Petition Date; (b) provide that all Banks may rely on the representations of the Debtors with respect to whether any check or transfer issued or made by the Debtors before the Petition Date should be honored pursuant to this Motion (such banks and other financial institutions having no liability to any party for relying on such representations by the Debtors provided for herein); and (c) authorize the Debtors to issue replacement checks or

transfers to the extent any checks or transfers that are issued and authorized to be paid in accordance with this Motion are dishonored or rejected by the Banks.

G. Immediate Relief is Justified

46. Pursuant to Bankruptcy Rule 6003, the Court may grant relief within 21 days after the filing of the petition regarding a motion to “use, sell, lease, or otherwise incur an obligation regarding property of the estate” only if such relief is necessary to avoid immediate and irreparable harm. Fed. R. Bankr. P. 6003(b). Immediate and irreparable harm exists where the absence of relief would impair a debtor’s ability to reorganize or threaten the debtor’s future as a going concern. *See In re Ames Dep’t Stores, Inc.*, 115 B.R. 34, 36 n.2 (Bankr. S.D.N.Y. 1990) (discussing the elements of “immediate and irreparable harm” in relation to Bankruptcy Rule 4001).

47. Moreover, Bankruptcy Rule 6003 authorizes the Court to grant the relief requested herein to avoid harm to the Debtors’ customers and other third parties. Unlike Bankruptcy Rule 4001, Bankruptcy Rule 6003 does not condition relief on imminent or threatened harm to the estate alone. Rather, Bankruptcy Rule 6003 speaks of “immediate and irreparable harm” generally. *Cf.* Fed. R. Bankr. P. 4001(b)(2), (c)(2) (referring to “irreparable harm to the estate”). Indeed, the “irreparable harm” standard is analogous to the traditional standards governing the issuance of preliminary injunctions. *See* 9 Alan N. Resnick & Henry J. Sommer, *Collier on Bankruptcy* ¶ 4001.07[b][3] (16th ed.) (discussing source of “irreparable harm” standard under Rule 4001(c)(2)). Courts will routinely consider third-party interests when granting such relief. *See, e.g., Capital Ventures Int’l v. Argentina*, 443 F.3d 214, 223 n.7 (2d Cir. 2006); *see also Linnemeir v. Bd. of Trs. of Purdue Univ.*, 260 F.3d 757, 761 (7th Cir. 2001).

48. As described herein and in the First Day Declaration, the Debtors will suffer immediate and irreparable harm without Court authorization for the relief requested herein.

49. Accordingly, Bankruptcy Rule 6003 has been satisfied and the relief requested herein should be granted.

REQUEST FOR WAIVER OF STAY

50. The Debtors also request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate their business without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

51. To implement the foregoing immediately, the Debtors respectfully request a waiver of the notice requirements of Bankruptcy Rule 6004(a) to the extent they are deemed to apply.

DEBTORS’ RESERVATION OF RIGHTS

52. Nothing contained herein is intended or should be construed as an admission of the validity of any claim against the Debtors; a waiver of the Debtors’ right to dispute any claim; or an approval, assumption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

NOTICE

53. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) holders of the 50 largest unsecured claims on a consolidated basis against the Debtors; (c) Riemer & Braunstein LLP (attn: Donald Rothman) as counsel for (i) Bank of America, N.A., in its capacity as Administrative Agent and Collateral

Agent under the Second Amended and Restated Credit Agreement, dated as of May 17, 2012, and (ii) certain DIP Lenders under the Debtors' proposed postpetition financing facility; (d) Brown Rudnick LLP (attn.: Robert Stark and Bennett Silverberg) as counsel for (i) Wilmington Savings Fund Society, FSB as Administrative Agent and Collateral Agent under the Amended and Restated Credit Agreement, dated as of May 3, 2006 and amended and restated as of November 16, 2010 and (ii) certain Term Lenders under the Amended and Restated Credit Agreement, dated as of May 3, 2006 and amended and restated as of November 16, 2010; (e) Choate, Hall & Stewart LLP (attn.: Kevin Simard) as counsel for (i) Wells Fargo Bank, National Association, in its capacity as FILO Agent under the Second Amendment to Second Amended and Restated Credit Agreement, dated as of November 3, 2015, and (ii) certain DIP Lenders under the Debtors' proposed postpetition financing facility; (f) O'Melveny & Meyers LLP (attn: John Rapisardi) as counsel for certain holders of 11.5% Senior Subordinated Notes Due February 19, 2018 under the Securities Purchase Agreement, dated as of May 3, 2006; (g) all holders of 11.5% Senior Subordinated Notes Due February 19, 2018 under the Securities Purchase Agreement, dated as of May 3, 2006; (h) the Banks; and (i) all parties that have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. Notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: March 2, 2016
Wilmington, Delaware

/s/ Andrew L. Magaziner
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Kenneth J. Enos (No. 4544)
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*Proposed Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

PROPOSED INTERIM ORDER

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SPORTS AUTHORITY HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 16-____ (____)

(Jointly Administered)

Ref. Docket No. ____

INTERIM ORDER AUTHORIZING (A) CONTINUED USE OF CASH MANAGEMENT SYSTEM; (B) MAINTENANCE OF EXISTING BANK ACCOUNTS; (C) CONTINUED USE OF EXISTING BUSINESS FORMS; (D) CONTINUED PERFORMANCE OF INTERCOMPANY TRANSACTIONS IN THE ORDINARY COURSE OF BUSINESS AND GRANT OF ADMINISTRATIVE EXPENSE STATUS FOR POSTPETITION INTERCOMPANY CLAIMS; AND (E) INTERIM WAIVER OF SECTION 345(b) DEPOSIT AND INVESTMENT REQUIREMENTS

Upon the *Debtors' Motion for Interim and Final Orders Authorizing (a) Continued Use of Cash Management System; (b) Maintenance of Existing Bank Accounts; (c) Continued Use of Existing Business Forms; (d) Continued Performance of Intercompany Transactions in the Ordinary Course of Business and Grant of Administrative Expense Status for Postpetition Intercompany Claims; and (e) Interim Waiver of Section 345(b) Deposit and Investment Requirements* (the "Motion")² filed by the above-captioned debtors and debtors in possession (collectively, the "Debtors"); and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012; and the Court having found that venue of these cases and the Motion in this District is proper

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Sports Authority Holdings, Inc. (9008); Slap Shot Holdings, Corp. (8209); The Sports Authority, Inc. (2802); TSA Stores, Inc. (1120); TSA Gift Card, Inc. (1918); TSA Ponce, Inc. (4817); and TSA Caribe, Inc. (5664). The headquarters for the above-captioned Debtors is located at 1050 West Hampden Avenue, Englewood, Colorado 80110.

² All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Motion.

pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court having found that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given; and the Court having determined that it may enter a final order consistent with Article III of the United States Constitution; and upon consideration of the First Day Declaration; and a hearing having been held to consider the relief requested in the Motion; and upon the record 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 Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein on an interim basis until such time as the Court conducts a final hearing on this matter (the "Final Hearing").
2. The Final Hearing shall take place on _____, 2016 at __:__ .m. (prevailing Eastern Time). Any objections or responses to the Motion shall be filed on or before 4:00 p.m. (prevailing Eastern Time) _____, 2016 and served on the parties required by Local Rule 2002-1(b).
3. The Debtors are authorized to maintain and use the Cash Management System as described in the Motion.
4. The Debtors are authorized to (a) continue to use, with the same account numbers, the Bank Accounts and Credit Cards, including the P-Cards (subject to the terms and conditions of the P-Card Agreement), the Corporate Purchasing Cards and the Travel Account, in existence

on the Petition Date, including, without limitation, those accounts identified on Exhibit D to the Motion; (b) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; and (c) use, in their present form, all Business Forms, without reference to their status as debtors in possession, except as otherwise provided in this Order.

5. The Banks are hereby authorized to continue to service and administer the Bank Accounts as accounts of the Debtors as debtors in possession without interruption and in the usual and ordinary course, and to receive, process, honor and pay any and all checks and drafts drawn on, or electronic transfer requests made on, the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be; *provided, however*, that any check drawn or issued by the Debtors before the Petition Date may be honored by a Bank if specifically authorized by order of this Court.

6. Notwithstanding any other provision of this Order, no Bank that honors a prepetition check or other item drawn on any account that is the subject of this Order (a) at the direction of the Debtors, (b) in good faith belief that the Court has authorized such prepetition check or item to be honored, or (c) as the result of an innocent mistake made despite implementation of reasonable item handling procedures, shall be deemed to be liable to the Debtors or their estates or otherwise in violation of this Order.

7. Each of the Debtors' Banks is authorized to debit the Debtors' accounts in the ordinary course of business without need for further order of this Court for: (a) all checks, items, and other payment orders drawn on the Debtors' accounts which are cashed at such Bank's counters or exchanged for cashier's checks by the payees thereof prior to the Bank's receipt of notice of filing of the Chapter 11 Cases; (b) all checks, automated clearing house entries, and other items deposited or credited to one of Debtors' accounts with such Bank prior to filing of

the Chapter 11 Cases which have been dishonored, reversed, or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to filing of the Chapter 11 Cases; and (c) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

8. The Banks may rely on the representations of the Debtors with respect to whether any check, item, or other payment order drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this or any other order of this Court, and such Banks shall not have any liability to any party for relying on such representations by the Debtors as provided for herein.

9. For Banks at which the Debtors hold accounts that are party to a Uniform Depository Agreement with the Office of the U.S. Trustee for the District of Delaware, within fifteen (15) days of the date of entry of this Order the Debtors shall (a) contact each bank, (b) provide the bank with each of the Debtors' employer identification numbers and the case number of these Chapter 11 Cases and (c) identify each of their bank accounts held at such banks as being held by a debtor in possession in a bankruptcy case.

10. For Banks at which the Debtors hold accounts that are not party to a Uniform Depository Agreement with the Office of the U.S. Trustee for the District of Delaware, the Debtors shall use their good-faith efforts to cause such Banks to execute a Uniform Depository Agreement in a form prescribed by the Office of the U.S. Trustee within forty-five (45) days of the date of this Order. The U.S. Trustee's rights to seek further relief from this Court on notice in the event that the aforementioned banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

11. The Debtors are authorized to open any new bank accounts or close any existing Bank Accounts as they may deem necessary and appropriate in their sole discretion; *provided* that the Debtors give notice within fifteen (15) days thereafter to the U.S. Trustee and any statutory committees appointed in the Chapter 11 Cases; *provided, further*, that the Debtors shall only open any such new bank accounts at banks that have executed a Uniform Depository Agreement with the U.S. Trustee, or at banks that are willing to immediately execute such an agreement.

12. The Debtors are authorized to pay up to \$100,000 in outstanding balances, charges, and fees due with respect to the P-Cards, the Corporate Purchasing Cards, and the Travel Account. Wells Fargo Bank, N.A. is authorized to make advances under the P-Cards from time to time to the Debtors, with a maximum exposure at any time up to \$50,000. Wells Fargo Bank, N.A. may rely on the representations of the Debtors with respect to their use of the P-Cards pursuant to the P-Card Agreement, and Wells Fargo Bank, N.A. shall not have any liability to any party for relying on such representations by the Debtors as provided for herein.

13. The Debtors are authorized to use their existing Business Forms; *provided*, that once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor in Possession" and the corresponding bankruptcy case number on all checks; *provided, further*, that, with respect to checks and business forms that the Debtors or their agents print themselves, the Debtors shall use commercially reasonable efforts to begin printing the "Debtor in Possession" legend and the bankruptcy case number on such items within ten (10) days of the date of entry of this Order.

14. The Debtors are authorized to continue performing Intercompany Transactions in the ordinary course of business and to honor and pay obligations in connection with the

Intercompany Transactions; *provided, however*, that the Debtors may not make any intercompany transfers to non-debtor affiliates or subsidiaries absent further order of the Court.

15. The Debtors shall maintain accurate and detailed records of all transfers, including Intercompany Transfers, so that all transactions may be readily ascertained, traced, recorded properly and distinguished between prepetition and post-petition transactions.

16. All intercompany obligations owed by a Debtor to another Debtor shall be accorded administrative priority status of the kind specified in section 503(b) of the Bankruptcy Code to the extent such obligations arise after the Petition Date.

17. The Debtors' time to comply with section 345(b) of the Bankruptcy Code is hereby extended until the date that is 45 days after the date hereof, without prejudice to the Debtors' right to seek further waivers from the U.S. Trustee without further Order of this Court.

18. Notwithstanding use of a consolidated Cash Management System, the Debtor shall calculate quarterly fees under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor, regardless of which entity pays those disbursements.

19. Within five (5) business days from the date of the entry of this Order, the Debtors shall (i) serve a copy of this Order on each Bank and (ii) request that each Bank internally code each of the Bank Accounts as "debtor in possession" accounts.

20. Nothing in this Order (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors, (b) shall impair, prejudice, waive or otherwise affect the rights of the Debtors or their estates with respect to the validity, priority or amount of any claim against the Debtors and their estates, or (c) shall be construed as a promise to pay a claim.

21. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

22. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied.

23. Notice of the Motion as provided therein shall be deemed good and sufficient and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

24. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

25. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: March ___, 2016
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

PROPOSED FINAL ORDER

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SPORTS AUTHORITY HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 16-____ (____)

(Jointly Administered)

Ref. Docket No. ____

FINAL ORDER AUTHORIZING (A) CONTINUED USE OF CASH MANAGEMENT SYSTEM; (B) MAINTENANCE OF EXISTING BANK ACCOUNTS; (C) CONTINUED USE OF EXISTING BUSINESS FORMS; (D) CONTINUED PERFORMANCE OF INTERCOMPANY TRANSACTIONS IN THE ORDINARY COURSE OF BUSINESS AND GRANT OF ADMINISTRATIVE EXPENSE STATUS FOR POSTPETITION INTERCOMPANY CLAIMS; AND (E) INTERIM WAIVER OF SECTION 345(b) DEPOSIT AND INVESTMENT REQUIREMENTS

Upon the *Debtors' Motion for Interim and Final Orders Authorizing (a) Continued Use of Cash Management System; (b) Maintenance of Existing Bank Accounts; (c) Continued Use of Existing Business Forms; (d) Continued Performance of Intercompany Transactions in the Ordinary Course of Business and Grant of Administrative Expense Status for Postpetition Intercompany Claims; and (e) Interim Waiver of Section 345(b) Deposit and Investment Requirements* (the "Motion")² filed by the above-captioned debtors and debtors in possession (collectively, the "Debtors"); and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012; and the Court having found that venue of these cases and the Motion in this District is proper

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Sports Authority Holdings, Inc. (9008); Slap Shot Holdings, Corp. (8209); The Sports Authority, Inc. (2802); TSA Stores, Inc. (1120); TSA Gift Card, Inc. (1918); TSA Ponce, Inc. (4817); and TSA Caribe, Inc. (5664). The headquarters for the above-captioned Debtors is located at 1050 West Hampden Avenue, Englewood, Colorado 80110.

² All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Motion.

pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court having found that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given; and the Court having determined that it may enter a final order consistent with Article III of the United States Constitution; and upon consideration of the First Day Declaration; and the Court having previously entered the *Interim Order Authorizing (a) Continued Use of Cash Management System; (b) Maintenance of Existing Bank Accounts; (c) Continued Use of Existing Business Forms; (d) Continued Performance of Intercompany Transactions in the Ordinary Course of Business and Grant of Administrative Expense Status for Postpetition Intercompany Claims; and (e) Interim Waiver of Section 345(b) Deposit and Investment Requirements* [Docket No. ____] (the “Interim Order”); and a hearing having been held to consider the relief requested in the Motion; and upon the record 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 Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein on a final basis.
2. The Debtors are authorized to maintain and use the Cash Management System as described in the Motion.
3. The Debtors are authorized to (a) continue to use, with the same account numbers, the Bank Accounts and Credit Cards, including the P-Cards, the Corporate Purchasing Cards and

the Travel Account, in existence on the Petition Date, including, without limitation, those accounts identified on Exhibit D to the Motion; (b) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; and (c) use, in their present form, all Business Forms, without reference to their status as debtors in possession, except as otherwise provided in this Order.

4. The Banks are hereby authorized to continue to service and administer the Bank Accounts as accounts of the Debtors as debtors in possession without interruption and in the usual and ordinary course, and to receive, process, honor and pay any and all checks and drafts drawn on, or electronic transfer requests made on, the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be; *provided, however*, that any check drawn or issued by the Debtors before the Petition Date may be honored by a Bank if specifically authorized by order of this Court.

5. Notwithstanding any other provision of this Order, no Bank that honors a prepetition check or other item drawn on any account that is the subject of this Order (a) at the direction of the Debtors, (b) in good faith belief that the Court has authorized such prepetition check or item to be honored, or (c) as the result of an innocent mistake made despite implementation of reasonable item handling procedures, shall be deemed to be liable to the Debtors or their estates or otherwise in violation of this Order.

6. Each of the Debtors' Banks is authorized to debit the Debtors' accounts in the ordinary course of business without need for further order of this Court for: (a) all checks, items, and other payment orders drawn on the Debtors' accounts which are cashed at such Bank's counters or exchanged for cashier's checks by the payees thereof prior to the Bank's receipt of notice of filing of the Chapter 11 Cases; (b) all checks, automated clearing house entries, and

other items deposited or credited to one of Debtors' accounts with such Bank prior to filing of the Chapter 11 Cases which have been dishonored, reversed, or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to filing of the Chapter 11 Cases; and (c) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

7. The Banks may rely on the representations of the Debtors with respect to whether any check, item, or other payment order drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this or any other order of this Court, and such Banks shall not have any liability to any party for relying on such representations by the Debtors as provided for herein.

8. For Banks at which the Debtors hold accounts that are party to a Uniform Depository Agreement with the Office of the U.S. Trustee for the District of Delaware, within fifteen (15) days of the date of entry of this Order the Debtors shall (a) contact each bank, (b) provide the bank with each of the Debtors' employer identification numbers and the case number of these Chapter 11 Cases and (c) identify each of their bank accounts held at such banks as being held by a debtor in possession in a bankruptcy case.

9. For Banks at which the Debtors hold accounts that are not party to a Uniform Depository Agreement with the Office of the U.S. Trustee for the District of Delaware, the Debtors shall use their good-faith efforts to cause such Banks to execute a Uniform Depository Agreement in a form prescribed by the Office of the U.S. Trustee within forty-five (45) days of the date of this Order. The U.S. Trustee's rights to seek further relief from this Court on notice

in the event that the aforementioned banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

10. The Debtors are authorized to open any new bank accounts or close any existing Bank Accounts as they may deem necessary and appropriate in their sole discretion; *provided* that the Debtors give notice within fifteen (15) days thereafter to the U.S. Trustee and any statutory committees appointed in the Chapter 11 Cases; *provided, further*, that the Debtors shall only open any such new bank accounts at banks that have executed a Uniform Depository Agreement with the U.S. Trustee, or at banks that are willing to immediately execute such an agreement.

11. The Debtors are authorized to pay any outstanding balances due with respect to the P-Cards, the Corporate Purchasing Cards, and the Travel Account.

12. The Debtors are authorized to use their existing Business Forms; *provided*, that once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor in Possession" and the corresponding bankruptcy case number on all checks; *provided, further*, that, with respect to checks and business forms that the Debtors or their agents print themselves, the Debtors shall use commercially reasonable efforts to begin printing the "Debtor in Possession" legend and the bankruptcy case number on such items within ten (10) days of the date of entry of this Order.

13. The Debtors are authorized to continue performing Intercompany Transactions in the ordinary course of business and to honor and pay obligations in connection with the Intercompany Transactions; *provided, however*, that the Debtors may not make any intercompany transfers to non-debtor affiliates or subsidiaries absent further order of the Court.

14. The Debtors shall maintain accurate and detailed records of all transfers, including Intercompany Transfers, so that all transactions may be readily ascertained, traced, recorded properly and distinguished between prepetition and post-petition transactions.

15. All intercompany obligations owed by a Debtor to another Debtor shall be accorded administrative priority status of the kind specified in section 503(b) of the Bankruptcy Code to the extent such obligations arise after the Petition Date.

16. The Debtors' time to comply with section 345(b) of the Bankruptcy Code is hereby extended until the date that is 45 days after the date hereof, without prejudice to the Debtors' right to seek further waivers from the U.S. Trustee without further Order of this Court.

17. Notwithstanding use of a consolidated Cash Management System, the Debtor shall calculate quarterly fees under 28 U.S.C. § 1930(a)(6) based on the disbursements of each Debtor, regardless of which entity pays those disbursements.

18. Within five (5) business days from the date of the entry of this Order, the Debtors shall (i) serve a copy of this Order on each Bank and (ii) request that each Bank internally code each of the Bank Accounts as "debtor in possession" accounts.

19. Nothing in this Order (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors, (b) shall impair, prejudice, waive or otherwise affect the rights of the Debtors or their estates with respect to the validity, priority or amount of any claim against the Debtors and their estates, or (c) shall be construed as a promise to pay a claim.

20. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

21. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied.

22. Notice of the Motion as provided therein shall be deemed good and sufficient and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

23. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

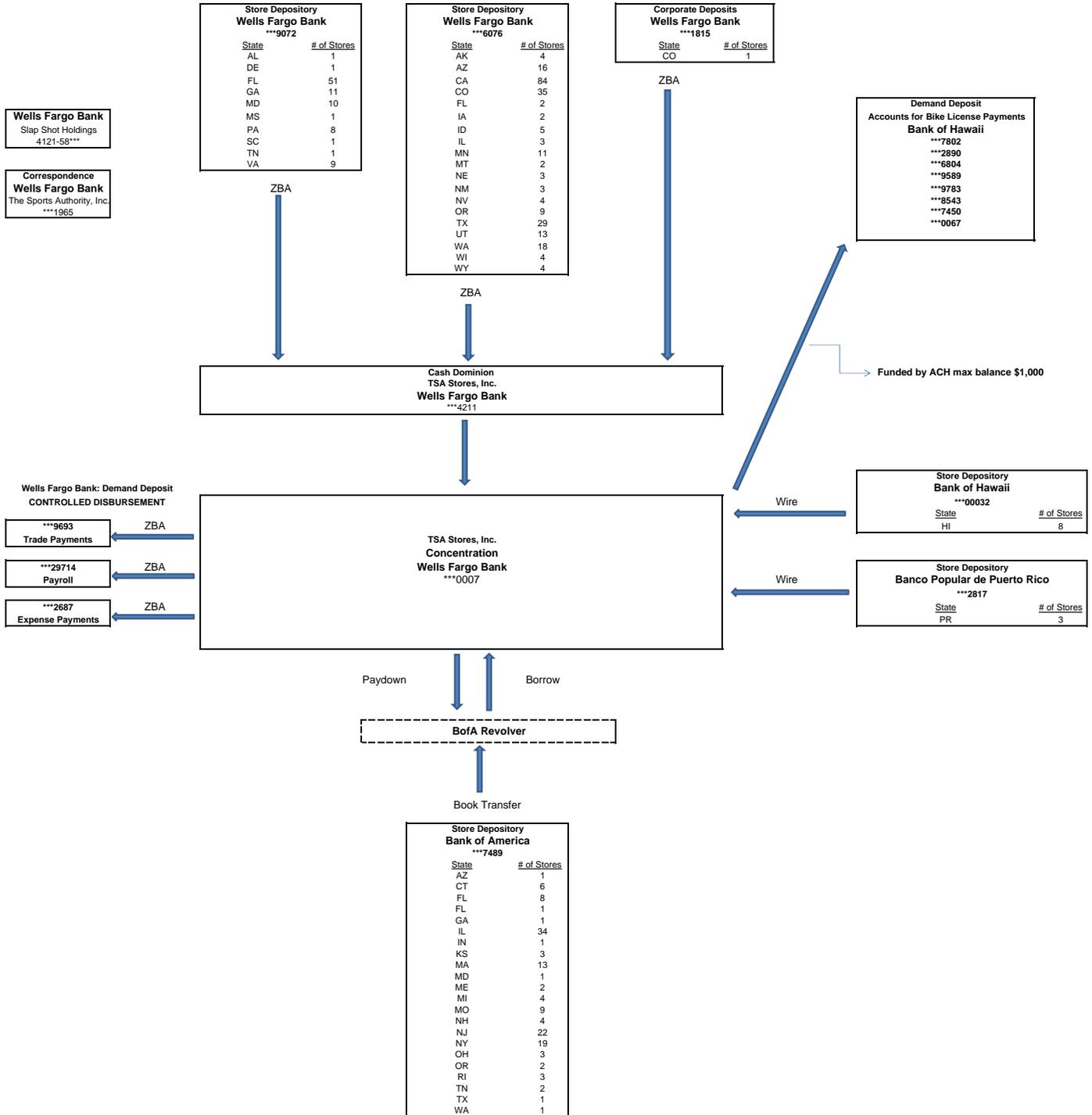
24. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: _____, 2016
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT C

DIAGRAM OF CASH MANAGEMENT SYSTEM



a) all other bank accounts are under the entity TSA Stores, Inc.

EXHIBIT D

BANK ACCOUNTS

BANK ACCOUNTS

Bank Accounts				
Bank	Address	Account Holder	Account Description	Account Number
Wells Fargo Bank	1700 Lincoln Street 8 th Floor Denver, CO 80203 303-863-5238 mileys@wellsfargo.com	TSA Stores, Inc.	Store Depository	***9072
Wells Fargo Bank	1700 Lincoln Street 8 th Floor Denver, CO 80203 303-863-5238 mileys@wellsfargo.com	TSA Stores, Inc.	Store Depository	***6076
Wells Fargo Bank	1700 Lincoln Street 8 th Floor Denver, CO 80203 303-863-5238 mileys@wellsfargo.com	TSA Stores, Inc.	Corporate Deposits	***1815
Wells Fargo Bank	1700 Lincoln Street 8 th Floor Denver, CO 80203 303-863-5238 mileys@wellsfargo.com	TSA Stores, Inc.	Cash Dominion	***4211
Wells Fargo Bank	1700 Lincoln Street 8 th Floor Denver, CO 80203 303-863-5238 mileys@wellsfargo.com	TSA Stores, Inc.	Concentration	***0007
Wells Fargo Bank	1700 Lincoln Street 8 th Floor Denver, CO 80203 303-863-5238 mileys@wellsfargo.com	TSA Stores, Inc.	Pos. Pay A/P Expense	***2687
Wells Fargo Bank	1700 Lincoln Street 8 th Floor Denver, CO 80203 303-863-5238 mileys@wellsfargo.com	TSA Stores, Inc.	Pos. Pay A/P Trade	***9693

BANK ACCOUNTS

Bank Accounts				
Bank	Address	Account Holder	Account Description	Account Number
Wells Fargo Bank	1700 Lincoln Street 8 th Floor Denver, CO 80203 303-863-5238 mileyjs@wellsfargo.com	TSA Stores, Inc.	Pos. Pay P/R	***9714
Wells Fargo Bank	1700 Lincoln Street 8 th Floor Denver, CO 80203 303-863-5238 mileyjs@wellsfargo.com	The Sports Authority, Inc.	Correspondence	***1965
Wells Fargo Bank	1700 Lincoln Street 8 th Floor Denver, CO 80203 303-863-5238 mileyjs@wellsfargo.com	Slap Shot Holdings, Corp.	Slap Shot	***7281
Bank of America	901 Main Street 7 th Floor Dallas, TX 75202 888-715-1000 ext. 53057 jean.j.satterlee@baml.com	TSA Stores, Inc.	Store Depository	***7489
Banco Popular de Puerto Rico	P.O. Box 362708 San Juan, Puerto Rico 00936-2708 787-765-9800 ext. 505510 betsy.roman@popular.com	TSA Stores, Inc.	Store Depository	***2817
Bank of Hawaii	P.O. Box 2900 Honolulu, HI 96846-6000 808-694-8371 sarah.hong@boh.com	TSA Stores, Inc.	Store Depository	***0032
Bank of Hawaii	P.O. Box 2900 Honolulu, HI 96846-6000 808-694-8371 sarah.hong@boh.com	TSA Stores, Inc.	Bike License Account	***9783

BANK ACCOUNTS

Bank Accounts				
Bank	Address	Account Holder	Account Description	Account Number
Bank of Hawaii	P.O. Box 2900 Honolulu, HI 96846-6000 808-694-8371 sarah.hong@boh.com	TSA Stores, Inc.	Bike License Account	***9589
Bank of Hawaii	P.O. Box 2900 Honolulu, HI 96846-6000 808-694-8371 sarah.hong@boh.com	TSA Stores, Inc.	Bike License Account	***7450
Bank of Hawaii	P.O. Box 2900 Honolulu, HI 96846-6000 808-694-8371 sarah.hong@boh.com	TSA Stores, Inc.	Bike License Account	***8543
Bank of Hawaii	P.O. Box 2900 Honolulu, HI 96846-6000 808-694-8371 sarah.hong@boh.com	TSA Stores, Inc.	Bike License Account	***0067
Bank of Hawaii	P.O. Box 2900 Honolulu, HI 96846-6000 808-694-8371 sarah.hong@boh.com	TSA Stores, Inc.	Bike License Account	***2890
Bank of Hawaii	P.O. Box 2900 Honolulu, HI 96846-6000 808-694-8371 sarah.hong@boh.com	TSA Stores, Inc.	Bike License Account	***6804
Bank of Hawaii	P.O. Box 2900 Honolulu, HI 96846-6000 808-694-8371 sarah.hong@boh.com	TSA Stores, Inc.	Bike License Account	***7802