

**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 ORDER (A) AUTHORIZING CONTINUATION OF, AND
PAYMENT OF PREPETITION OBLIGATIONS INCURRED IN THE ORDINARY
COURSE OF BUSINESS IN CONNECTION WITH, VARIOUS INSURANCE
POLICIES, AND (B) AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS
AND ELECTRONIC TRANSFER REQUESTS RELATED THERETO**

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 order, substantially in the form annexed hereto as Exhibit A, pursuant to sections 105(a) and 363(b) of title 11 of the United States Code (the “Bankruptcy Code”), Rule 6003(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 9013-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), (a) authorizing, but not directing, the Debtors to continue and, to the extent necessary, renew prepetition insurance policies in the ordinary course of business and pay prepetition obligations in respect thereof; (b) authorizing banks and other financial institutions at which the Debtors hold accounts (collectively, the “Banks”) to honor and process check and electronic transfer requests related to the foregoing; and (c) granting related relief. In support of this Motion, the Debtors rely upon

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.



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. §§ 157 and 1334(b), 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(a) and 363(b) of the Bankruptcy Code, Bankruptcy Rule 6003(b), and Local Rule 9013-1(m).

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' Insurance Policies

5. In the ordinary course of their businesses, the Debtors maintain numerous insurance policies with various insurance providers (collectively, the "Insurers") that provide coverage for, among other things, products liability, general liability, property, automobile, cyber liability, umbrella liability, excess liability, crime, directors and officers liability, fiduciary liability, foreign liability, travel accident liability, kidnap and ransom liability, employment practices liability, marine cargo stock throughput liability, and workers' compensation claims (the "Insurance Policies"), as summarized in Exhibit B annexed hereto. The Debtors incur a total of approximately \$5,850,000 in the aggregate in annual premiums to cover their Insurance Policies as well as other obligations, including the Broker Fees (as defined below) and the Third-Party Administrator Fee (as defined below) (collectively, the "Insurance Obligations"). In addition, the Debtors may make retroactive adjustments in the ordinary course of business with respect to one or more of the Insurance Policies, as applicable.

(i) Third-Party Insurance Policies

6. The Debtors maintain third-party Insurance Policies through various insurance companies. The Insurance Policies are essential to the ongoing operation of the Debtors' business. The Debtors incur approximately \$4,400,000 in annual premiums relating to third-

party Insurance Policies, excluding broker fees and workers' compensation plan obligations.²

The third-party Insurance Policies can be grouped into the following four categories:

(a) *Property Policies*

7. The Debtors maintain Insurance Policies that cover the Debtors' owned and leased property (the "Property Policies") with XL Insurance America Inc., Empire Indemnity Insurance Company, The Princeton Excess and Surplus Lines Insurance Company, Everest Indemnity Insurance Company, Lloyd's of London, and Zurich American Insurance Company. Each of the Property Policies provides coverage through May 1, 2016 except the Property Policies with Lloyd's of London and Zurich American Insurance Company which provide coverage through April 30, 2016. The Property Policies cover losses relating to, among other things, loss or damage to property resulting from fire, flood, terrorism, weather damage, boiler and machinery, earthquake, sprinkler leakage, inventory, business interruption, and marine cargo stock throughput liability. The Debtors incur approximately \$3,059,000 in the aggregate in annual premiums for the Property Policies. All premiums due and owing for the Property Policies have been paid in full and, accordingly, there are no outstanding amounts that have accrued prepetition and are unpaid on account of the Property Policies.

(b) *Casualty Policies*

8. The Debtors maintain Insurance Policies that cover casualty losses (the "Casualty Policies") with Safety National Casualty Corporation, National Union Fire, Ohio Casualty Insurance (Liberty Mutual), Federal Insurance Company, and Brit/Kiln/Liberty. The Casualty Policies with Ohio Casualty Insurance (Liberty Mutual) provides coverage through April 1, 2016, the Casualty Policies with Safety National Casualty Corporation and National Union Fire

² Under certain Insurance Policies, the Debtors have the ability to reduce the premiums for such Insurance Policies in connection with the closing of store locations and as such the Debtors' Insurance Obligations may be reduced during the course of these Chapter 11 Cases.

provide coverage through February 1, 2017, the Casualty Policy with Brit/Kiln/Liberty provides coverage through September 14, 2016, and the Casualty Policy with Federal Insurance Company provides coverage through January 1, 2017. The Casualty Policies cover losses relating to, among other things, products liability, general liability, automobile accidents (including legal liability for both bodily injury and property damage), cyber and privacy liability, travel accident liability, umbrella liability, and excess umbrella coverage. The Debtors are required to maintain certain of the Casualty Policies pursuant to applicable law. The Debtors incur approximately \$987,000 in the aggregate in annual premiums for the Casualty Policies, which are paid in four installments. As of the Petition Date, the Debtors have paid approximately \$776,000 of the current premiums for the Casualty Policies in the ordinary course of business. Accordingly, the Debtors still owe approximately \$211,000 on account of the current premiums for the Casualty Policies. The Debtors timely remit payments to cover their Casualty Policies and as of the Petition Date no premiums on account of the Casualty Policies are accrued and unpaid.

(c) ***Management Liability Policies***

9. The Debtors maintain Insurance Policies that cover management and employee liability (the “Management Liability Policies”) with U.S. Specialty Insurance Company (HCC), Liberty Mutual Insurance Company, Endurance American Insurance Company, Lloyd’s of London, Liberty Insurance Underwriters Inc., and National Union Fire Insurance Company of Pittsburg, PA. Collectively, the Management Liability Policies provide financial protection for the Debtors and their directors and officers in the event that they suffer a loss as a result of the actions of their employees or are sued in conjunction with the performance of their duties as they relate to the Debtors.

10. The Debtors maintain policies that cover, among other things, (a) directors’ and officers’ liability policy (b) fiduciary liability for wrongful acts committed, attempted or

allegedly attempted, or the failure to act, by any person for whose wrongful acts or omissions the Debtors are legally liable; (c) employment-related claims against the Debtors, such as harassment and discrimination; (d) kidnap, ransom and extortion payments related to any associate of the Debtors who is kidnapped, held for ransom, or extorted during the course of employment with Debtors, which includes ransom payments and any other costs associated with extricating such associate; and (e) crime and the loss of corporate assets resulting from employee theft and dishonesty, loss of money and securities inside and outside the Debtors' premises, counterfeit currency, and forgery.

11. The Debtors' Management Liability Policies, other than those covering kidnap, ransom and extortion payments, provide coverage through June 1, 2016 and include a pre-paid six-year "tail" coverage policy; the Management Liability Policies covering kidnap, ransom and extortion provide coverage through November 30, 2016. The Debtors incur approximately \$356,000 in the aggregate in annual premiums to cover the Management Liability Policies and still owe approximately \$67,000 on account of the current premiums for the Management Liability Policies. However, the Debtors timely remit payments to cover their Management Liability Policies, and, as of the Petition Date, all of the premiums due and owing for the Management Liability Policies were paid in the ordinary course of business. Accordingly, the Debtors believe there are no outstanding amounts that have accrued prepetition and are unpaid on account of the Management Liability Policies.

(d) *International Liability Policies*

12. The Debtors maintain Insurance Policies that cover foreign property and international liability (the "International Liability Policies") with Ace American Insurance Company. The Debtors incur approximately \$4,874 in the aggregate in annual premiums to cover the International Liability Policies. The Debtors remit payment in full at the beginning of

the policy year for the International Liability Policies, and as of the Petition Date, all premiums due and owing for the International Liability Policies were paid in the ordinary course of business. Accordingly, the Debtors believe there are no outstanding amounts that have accrued prepetition and are unpaid on account of the International Liability Policies.

(e) *The Workers' Compensation Policies*

13. The Debtors maintain Insurance Policies that cover workers' compensation claims (collectively, the "Workers' Compensation Policies") with Safety National Casualty Corporation. The Debtors' policies provide coverage through February 1, 2017. The Debtors incur approximately \$457,000 in annual premiums for the Workers' Compensation Policies. The Debtors timely remit payments to cover their Workers' Compensation Policies and, as of the Petition Date, the Debtors have paid approximately \$114,000 of the current premiums for the Workers' Compensation Policies. Accordingly, the Debtors still owe approximately \$342,000 on account of the current premiums for the Workers' Compensation Policies. The Debtors estimate that, as of the Petition Date, no premiums on account of the Workers' Compensation Policies have accrued and remain unpaid.

(ii) *The Brokers*

14. The Debtors employ Marsh USA, Inc., Marsh Canada Limited, and the Lockton Companies as their insurance brokers (collectively, the "Brokers") to assist them with the procurement and negotiation of their Insurance Policies. The Brokers provide services to and receive compensation (the "Broker Fees") from the Debtors pursuant to certain contracts with the Debtors. The Debtors pay an annual fee of approximately \$561,000 to the Brokers. The Debtors timely remit payments to cover their Broker Fees, and as of the Petition Date, the Debtors have paid \$200,000 in 2016 to the Brokers for services rendered in the ordinary course of business. Accordingly, the Debtors still owe \$361,000 for the remainder of 2016. However, the Debtors

believe that no amount has accrued prepetition and remains unpaid on account of the Broker Fees as of the Petition Date.

(iii) The Third Party Administrator

15. The Debtors utilize the services of Broadspire (the “Third-Party Administrator”) to administer certain workers’ compensation and casualty claims. The Third-Party Administrator is paid an annual fee (the “Third-Party Administrator Fee”) of \$426,000 in 12 equal installments. As part of the claims administration process, the Third-Party Administrator makes payments on casualty claims that are below the deductible limit and is then reimbursed by the Debtors for these amounts. In 2015, the Debtors paid approximately \$1,500,000 in casualty claims through the Third-Party Administrator.³ The Debtors timely remit payments to cover the Third-Party Administrator Fee, and as of the Petition Date, the Debtors have paid \$71,000 in 2016 to the Third-Party Administrator for services rendered in the ordinary course of business. Accordingly, the Debtors still owe \$355,000 for the remainder of 2016. However, the Debtors believe that no amount has accrued prepetition and remains unpaid on account of the Third-Party Administrator Fee as of the Petition Date.

RELIEF REQUESTED

16. The Debtors seek entry of an order authorizing, but not directing, the Debtors to (a) continue and renew their Insurance Policies, or obtain new insurance policies, as needed as needed in the ordinary course of business and (b) honor all of their prepetition and postpetition

³ The Debtors also pay certain workers’ compensation claims through the Third-Party Administrator. Authority to pay such claims has been requested in the *Debtors’ Motion for Entry of Interim and Final Orders (a) Authorizing Payment of Certain Prepetition Workforce Claims, Including Wages, Salaries and Other Compensation, (b) Authorizing Payment of Certain Employee Benefits and Confirming Right to Continue Employee Benefits on Postpetition Basis, (c) Authorizing Payment of Reimbursement to Employees for Expenses Incurred Prepetition, (d) Authorizing Payment of Withholding and Payroll-Related Taxes, (e) Authorizing Payment of Workers’ Compensation Obligations, and (f) Authorizing Payment of Prepetition Claims Owing to Administrators and Third Party Providers.*

obligations, including payment of all outstanding prepetition Insurance Obligations, under and in connection with the Insurance Policies on an uninterrupted basis and in accordance with the same practices and procedures as were in effect before the Petition Date, including premiums arising under the Insurance Policies, the Broker Fees and the Third-Party Administrator Fee.⁴

17. The Debtors also seek entry of an order authorizing the Banks to receive, process, honor, and pay checks or electronic transfers used by the Debtors to pay the foregoing and to rely on the representations of such Debtors as to which checks are issued and authorized to be paid in accordance with this Motion.

BASIS FOR RELIEF REQUESTED

A. Honoring the Insurance Policy Obligations is Warranted Under Section 363(b) of the Bankruptcy Code

18. Section 363 of the Bankruptcy Code provides, in relevant part, that “[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Under section 363(b), courts require only that the debtor “show that a sound business purpose justifies such actions.” *Dai-Ichi Kangyo Bank, Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del. 1999) (citations omitted); *see also In re Phoenix Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987); *In re Adelpia Commc’ns Corp.*, No. 02-41729 (REG), 2003 WL 22316543, at *30 (Bankr. S.D.N.Y. Mar. 4, 2003); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983). Moreover, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the

⁴ Nothing in this Motion should be construed as an assumption of any executory contract or unexpired lease between the Debtors and any other party, nor should it be construed as a rejection of any executory contract or unexpired lease with any creditor. The Debtors reserve the right to contest the amount claimed to be due by any person or entity.

debtor's conduct." *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (citation omitted); *see also Stanziale v. Nachtomi (In re Tower Air, Inc.)*, 416 F.3d 229, 238 (3d Cir. 2005) ("Overcoming the presumptions of the business judgment rule on the merits is a near-Herculean task.").

19. The Debtors have satisfied the business judgment standard. First, the coverage provided under the Insurance Policies is essential for preserving the value of the Debtors' assets and, in many instances, such coverage is required by various regulations, laws and contracts that govern the Debtors' business operations. Indeed, section 1112(b)(4)(C) of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public," is "cause" for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C). Moreover, maintenance of insurance policies is required by the operating guidelines established by the Office of the United States Trustee (the "U.S. Trustee"). *See* 3 United States Trustee Manual, § 3-3.2.3 (Oct. 1998) ("A debtor must obtain appropriate insurance coverage, and documentation regarding the existence of the coverage must be provided to the Office of the United States Trustee as early in the case as possible."). Second, if the Debtors fail to perform their obligations under the Insurance Policies, their coverage thereunder could be voided. Such a disruption of the Debtors' insurance coverage could expose the Debtors to serious risks, including but not limited to: (a) direct liability for the payment of claims that otherwise would have been payable by the Insurers; (b) material costs and other losses that otherwise would have been reimbursed by the Insurers under the Insurance Policies; (c) the loss of good standing certification in jurisdictions that require the Debtors to maintain certain levels of insurance coverage; (d) the inability to obtain similar types of insurance coverage; and (e) higher costs for re-establishing lapsed policies or obtaining new insurance coverage. Any or

all of these consequences could cause serious harm to the Debtors' business. Granting the relief requested herein will enhance the likelihood of the Debtors' successful rehabilitation, thereby furthering the goals of chapter 11: "facilitating the continued operation and rehabilitation of the debtor." *In re Ionosphere Clubs*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989).

20. The Debtors may also need to renew or replace certain of the Insurance Policies during the course of these Chapter 11 Cases, or enter into new policies. If the Debtors do not pay prepetition amounts owing, including upward and/or downward adjustments, in respect of the Insurance Policies, there is a risk that the Insurers will refuse to renew the Insurance Policies.

21. Although the Debtors believe that the renewal, modification, or new execution of the Insurance Policies would constitute ordinary course transactions not requiring Court approval, the Debtors nevertheless seek authority to continue to renew and modify the Insurance Policies in order to assure the Debtors' Insurers that the Debtors have full authority with respect to new or modified arrangements without the need to obtain further approval from the Court.

B. Honoring the Insurance Policy Obligations is Warranted Under the Doctrine of Necessity

22. The Court may authorize payment of prepetition claims under section 105(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code, which codifies the equitable powers of the bankruptcy court, empowers courts to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Under section 105(a) of the Bankruptcy Code, courts may permit pre-plan payments of prepetition obligations when essential to the continued operation of the debtor's business. *See, e.g., In re Just for Feet, Inc.*, 242 B.R. 821, 825 (D. Del. 1999). Specifically, the Court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of prepetition obligations

pursuant to the “doctrine of necessity” (also referred to as the “necessity of payment” rule). *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175-76 (Bankr. S.D.N.Y. 1989).

23. The United States Court of Appeals for the Third Circuit recognized the “necessity of payment” doctrine in *In re Lehigh and New England Railway Co.*, 657 F.2d 570, 581 (3d Cir. 1981). The Third Circuit held that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor. *Id.* (stating a court may authorize payment of prepetition claims when there “is the possibility that the creditor will employ an immediate economic sanction, failing such payment”); *accord In re Penn Cent. Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (holding that the necessity of payment doctrine permits “immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims shall have been paid”); *see also Just for Feet, Inc.*, 242 B.R. at 824-26 (noting that the Third Circuit permits debtors to pay prepetition claims that are essential to continued operation of business); *Official Comm. of Unsecured Creditors of Motor Coach Indus. Int’l, Inc. v. Motor Coach Indus. Int’l, Inc. (In re Motor Coach Indus. Int’l, Inc.)*, No. 08-12136 BLS, 2009 WL 330993, at *3 (D. Del. Feb. 10, 2009) (denying a stay pending appeal on the grounds that there is not a serious basis to challenge the doctrine of necessity in the Third Circuit).

24. Honoring the Debtors’ obligations with regards to the Insurance Policies is warranted under the doctrine of necessity. As described above, continuation of the Insurance Policies is essential to preserve the value of the Debtors’ assets and minimize exposure to risk. Furthermore, insurance coverage is required by the Office of the United States Trustee as well as various jurisdictions in which the Debtors operate.

C. The Court Should Authorize Applicable Banks to Honor Checks and Electronic Fund Transfers in Accordance with the Motion

25. 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.

D. Immediate Relief is Justified

26. 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).

27. 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).

28. As described herein, the Debtors will suffer immediate and irreparable harm without Court authorization for the relief requested herein. Accordingly, Bankruptcy Rule 6003 has been satisfied and the relief requested herein should be granted.

REQUEST FOR WAIVER OF STAY

29. To implement the foregoing, the Debtors seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), any “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.” The Debtors submit that the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h).

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

DEBTORS' RESERVATION OF RIGHTS

31. 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' rights to dispute any claim; or an approval, assumption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code. The Debtors expressly reserve their rights to contest any invoice or claim on account of any Insurance Policy under applicable law and to assume or reject any agreements with Insurance Policy providers in accordance with the applicable provisions of the Bankruptcy Code. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

NOTICE

32. 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 Insurers; 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.

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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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*Proposed Counsel to the Debtors and
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EXHIBIT A

PROPOSED 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. ____

**ORDER (A) AUTHORIZING CONTINUATION OF, AND PAYMENT OF
PREPETITION OBLIGATIONS INCURRED IN THE ORDINARY COURSE OF
BUSINESS IN CONNECTION WITH, VARIOUS INSURANCE POLICIES, AND
(B) AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS AND
ELECTRONIC TRANSFER REQUESTS RELATED THERETO**

Upon the *Debtors' Motion for Order (a) Authorizing Continuation of, and Payment of Prepetition Obligations Incurred in the Ordinary Course of Business in Connection With, Various Insurance Policies, and (b) Authorizing Banks to Honor and Process Checks and Electronic Transfer Requests Related Thereto* (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 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

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.

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.
2. The Debtors are authorized, but not directed, without interruption and in accordance with the same practices and procedures as were in effect before the Petition Date, to maintain and honor all of their prepetition Insurance Obligations under or in connection with the Insurance Policies.
3. The Debtors are authorized to renew or to obtain new insurance policies or to execute other agreements in connection with the Insurance Policies.
4. Each of the Banks is authorized to honor checks presented for payment and all fund transfer requests made by the Debtors, to the extent that sufficient funds are on deposit in the applicable accounts, in accordance with this Order and any other order of this Court.
5. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests in connection with any Insurance Obligations that are dishonored or rejected.

6. Nothing in the Motion or this Order, or the Debtors' payment of any claims pursuant to this Order, shall be deemed or construed as: (a) an admission as to the validity of any claim or Lien against the Debtors or their estates; (b) a waiver of the Debtors' right to dispute any claim or Lien; (c) an admission of the priority status of any claim, whether under section 503(b)(9) of the Bankruptcy Code or otherwise; or (d) a modification of the Debtors' rights to seek relief under any section of the Bankruptcy Code on account of any amounts owed or paid on account of any Insurance Policies.

7. Nothing herein shall be deemed to constitute the post-petition assumption of any executory contract under section 365 of the Bankruptcy Code or authority to lift or modify the automatic stay set forth in section 362 of the Bankruptcy Code. To the extent that the Insurance Policies, the Insurance Obligations, or the Workers' Compensation Policies or any related contracts or agreements are deemed executory contracts under section 365 of the Bankruptcy Code, neither the relief granted hereby nor any actions or payments made by the Debtors pursuant to this Order shall be deemed an assumption or rejection of any such contract or agreement pursuant to section 365 of the Bankruptcy Code, or that any such contract or agreement is an executory contract under section 365 of the Bankruptcy Code.

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

9. 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.

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

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

12. The 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
INSURANCE POLICIES

TYPE OF COVERAGE	INSURER & LAST 4 DIGITS OF POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE	ANNUAL PREMIUM/ FEES
1. PROPERTY				
Property	XL Insurance America Inc. R15A	05/01/15	05/01/16	\$1,937,725
California Earthquake	Empire Indemnity Insurance Company 7440	05/01/15	05/01/16	\$18,200
California Earthquake	The Princeton Excess and Surplus Lines Insurance Company 80-05	05/01/15	05/01/16	\$18,200
California Earthquake	Everest Indemnity Insurance Company 8-151	05/01/15	05/01/16	\$9,200
Marine Cargo Stock Throughput	Lloyd's of London Zurich American Insurance Company 0148	05/01/15	04/30/16	\$1,075,000
2. CASUALTY				
General Liability	Safety National Casualty Corporation ⁷ 5746	02/01/16	02/01/17	\$204,565
Business Automobile Liability	Safety National Casualty Corporation 5745	02/01/16	02/01/17	\$76,949
Umbrella Liability Policy	National Union Fire 1817	02/01/16	02/01/17	\$258,000
Excess Liability	Ohio Casualty Insurance (Liberty Mutual) 9867	02/01/16	04/01/16	\$43,029

⁷ A standby letter of credit in favor of Safety National Casualty with a liability amount of \$7,350,000 is outstanding; the letter of credit expiration date is February 29, 2016.

TYPE OF COVERAGE	INSURER & LAST 4 DIGITS OF POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE	ANNUAL PREMIUM/ FEES
Cyber Liability	Brit/Kiln/Liberty 0152	09/14/15	09/14/16	\$398,000
Travel Accident	Federal Insurance Company 06-89	01/01/16	01/01/17	\$6,465
3. MANAGEMENT LIABILITY POLICIES				
Directors & Officers Liability / Fiduciary Liability	U.S. Specialty Insurance Company (HCC) 4879	06/01/15	06/01/16	\$73,112
Excess Directors & Officers Liability	Liberty Mutual Insurance Company K001	06/01/15	06/01/16	\$40,508
Excess Directors & Officers Liability	Endurance American Insurance Company 9400	06/01/15	06/01/16	\$40,507
Directors & Officers Liability (Side A excess)	Lloyd's of London 0601	06/01/15	06/01/16	\$45,000
Employment Practices Liability	Liberty Insurance Underwriters Inc. 7005	06/01/15	06/01/16	\$138,000
Kidnap, Ransom & Extortion	National Union Fire Insurance Company of Pittsburg, PA 6-349	11/30/15	11/30/16	\$6,890
Blanket Crime Insurance	National Union Fire Insurance Company of Pittsburgh, PA 5053	06/01/15	06/01/16	\$12,320
4. INTERNATIONAL				
Foreign Liability / Property / Casualty / Workers' Compensation	Ace American Insurance Company 6003	02/01/16	02/01/17	\$4,874

TYPE OF COVERAGE	INSURER & LAST 4 DIGITS OF POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE	ANNUAL PREMIUM/ FEES
5. WORKERS' COMPENSATION				
Workers' Compensation & Employers' Liability	Safety National Casualty Corporation 5742	02/01/16	02/01/17	\$456,635
6. BROKERAGE SERVICES				
Insurance Broker	Lockton Companies	N/A	N/A	\$396,000
Insurance Broker	Marsh USA, Inc./ March Canada Limited	N/A	N/A	\$165,000
7. THIRD PARTY ADMINISTRATION SERVICES				
Third Party Administrator	Broadspire	N/A	N/A	\$426,095