

# Bloomberg

## BCBG Max Azria Is Closing Stores, Selling Assets (Correct)

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By Nico Grant

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BCBG Max Azria Group Inc. got bankruptcy court approval to close stores and plan an asset sale as it slims down in a straitened retail environment.

At a hearing Tuesday in Manhattan federal court, U.S. Bankruptcy Judge Shelley C. Chapman granted the fashion house permission to tap as much as \$80 million of debtor-in-possession financing, to keep operating while it carries out the reorganization. The company also got the green light to liquidate and close 120 of its standalone boutiques and schedule an auction for May 24.

Brick-and-mortar retailers have been trying to adjust to changing consumer habits, including stiffened competition from online merchants. Vernon, California-based BCBG has sought to shed physical assets to make its debt load more manageable, lawyers for the company told the judge Tuesday.

**“It’s effectively a shrink-to-fit strategy based on a level of revenue that supports the cost base underneath it, without having the real estate footprint,” said Larry Perkins, chief executive officer at management advisory firm SierraConstellation Partners, who is not involved in the BCBG case.**

Chapman gave BCBG until Sept. 26 to assume or reject unexpired store leases, as the company determines which locations are most profitable. BCBG previously said in court papers that it would retain some branches located inside department stores.

BCBG filed for Chapter 11 protection on Feb. 28, listing \$459 million in liabilities.

The case is In re BCBG Max Azria Global Holdings LLC, 17-10466, U.S. Bankruptcy Court, Southern District of New York (Manhattan).

(Corrects number of closings in second paragraph, location of headquarters in third.)

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To contact the reporter on this story:

Nico Grant in New York at [ngrant20@bloomberg.net](mailto:ngrant20@bloomberg.net)