

Joe's Sports headed for liquidation



John Givot/The Oregonian

A shopper at Joe's in North Portland checks out the fishing gear last March. Gordon Brothers Group, the liquidator that recently helped clear merchandise for Circuit City and several other bankrupt retailers, is expected to earn approval to buy G.I. Joe's Holding Corp. during a bankruptcy hearing today, several sources said Wednesday.

John Mangan, a spokesman for the 57-year-old sporting goods retailer, said he could not comment until after this morning's hearing in U.S. Bankruptcy Court in Delaware.

"There was some hope that something could be salvaged, but it looks more and more like a pure liquidation route," said Fred Bruning, whose CenterCal Properties owns the Nampa, Idaho, mall where Joe's opened its newest store last spring. "It's hard, I've been a loyal Joe's shopper myself in Gresham."

Bruning, a Joe's creditor, confirmed Wednesday that he understood from court filings and others that the 31-store chain probably would be liquidated by Boston-based Gordon Brothers after the bankruptcy judge signed off on the deal.

A series of staff meetings and internal e-mails alerted employees to the news Wednesday and representatives from WorkSource Clackamas were at the corporate headquarters in Wilsonville to help answer employees' questions about unemployment, said **John Blanton, rapid response coordinator for Clackamas Community College's Workforce Development Services.**

Blanton, who responds to major company closures and layoffs within 48 hours, said he understood that about 190 corporate and distribution center employees would lose jobs as part of liquidation.

The Oregon retailing icon was purchased in 2007 by Gryphon Investors, a San Francisco private equity firm. Soon after, "G.I." was dropped from the name and the stores became Joe's Sports, Outdoor & More.

Joe's filed for Chapter 11 bankruptcy protection in early March. In initial court filings, the retailer made it clear it aimed to quickly restructure or sell -- either to someone who'd continue operations or to a liquidator, which typically means the clearing of goods and a closure.

G.I. Joe's, from the beginning

1952: Edward Orkney buys a retail store -- actually, an Army-issue hospital tent -- on North Vancouver Avenue in Portland and calls it G.I. Joe's.

1976: Orkney opens his fifth and -- at 55,000 square feet -- largest store in Salem and buys land in Wilsonville for the company's distribution center, which remains today. Later that year, Orkney dies and his son, David, takes over as chief executive officer and board chairman.

1992: Norm Daniels, who had worked for the Orkney family since he was a teenager, takes over as chief executive.

1998: Daniels leads a management buyout and becomes chairman and majority owner.

January, 2007: Gryphon Investors of San Francisco buys a controlling interest in G.I. Joe's for a reported \$50 million. Stores become Joe's Sports, Outdoor & More.

May 1, 2008: Joe's opens its 31st -- and apparently final -- location in Nampa, Idaho, trumpeting expectations that the chain's annual sales would exceed \$290 million.

March 4, 2009: G.I. Joe's Holding Corp. files for Chapter 11 bankruptcy protection, listing debts ranging from \$100 million to \$500 million.

April 9, 2009: A Delaware bankruptcy judge is expected to rule on a buyer for the chain. Boston-based liquidator Gordon Brothers Group is expected to get the bid.

Joe's couldn't secure any other partners or financing to restructure. Delaware-based attorneys who attended a hearing Tuesday and local creditors, including Columbia Sportswear, said the retailer only received bids from liquidators.

A bankrupt retailer can be more lucrative for a liquidator than another retailer, which would be buying all the liabilities and future operational costs. This is particularly true, experts say, in an economy that's left consumers wary of spending on perceived extras -- such as Joe's inventory of sporting goods, fishing tackle and hunting equipment.

Ultimately, the court is looking to get Joe's creditors the largest return to cover their unpaid invoices.

Joe's bankruptcy filings list more than 1,000 creditors, with the top 30 owed \$12.8 million. Baja Inc., Joe's largest unsecured creditor, is owed \$1.2 million, according to court records.

As word of the retailer's fate circulated among its customers, many left sentimental messages at The Oregonian's Web site, OregonLive.com:

"When I was in school, Joe's was where I went for all my gear. It really seems like unfortunate timing: with the economic downturn, I'd imagine more people will be looking for cheap gear, not brand name. Not everyone can afford REI, but still want a step up from Wal-Mart," posted one reader.

Another: "What a sad day. I grew up shopping at Joe's. I remember my dad taking me there before big fishing trips ... Joe's will always have a piece of my heart."

Others were harder on the company, which had garnered complaints recently from longtime customers for the name change, a perceived upscaling of merchandise and prices, and less experienced staff.

An online reader wrote, "... they stopped selling G.I. gear, handguns, sturdy camping tents, and other gear that outdoorsmen look for outside of a K-mart. The last time I went to Joe's was when I was looking to buy some ammo, and they had a ... poor selection that was priced \$1 to \$5 a box higher than Fisherman's Marine and Outdoor."

Troubles with the longtime retailer emerged in mid-February, when Joe's executives advised Oregon employment officials of potential layoffs in a required filing. The report listed 190 positions that could be affected, from Joe's chief executive, Hal Smith, to 68 warehouse workers in Wilsonville.

At the time, a company spokesman said there was "virtually no possibility" that everyone on the list would lose their jobs.

Some employees on Wednesday said they'd heard their last day could come as early as Friday, while others heard work could stretch on for a few months.

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