



Bon-Ton Stores files Chapter 11 bankruptcy as department stores reel

Posted by [Derek A. Lackey, Editor](#) / February 06, 2018

Bon-Ton Stores, the corporate parent of several department store chains, tumbled into Chapter 11 bankruptcy protection as the company seeks a fresh lease on life.

Bon-Ton, whose brands include Boston Store, Carson's, Elder-Beerman and Younkers, had been on a fast track toward bankruptcy court after it recently announced plans to close 47 of its 260 stores.

The retailer, waylaid by heavy debt and the digital fallout that has ensnared many of its rivals, signaled that it's conducting "constructive discussions" with its creditors to identify a viable path forward.

That could theoretically involve asset sales, significant debt cuts, additional store closures or some combination.

"Bon-Ton is kind of a microcosm of the department store industry," said Philip Emma, senior analyst for restructuring intelligence firm Debtwire. "Their business model is selling brand-name merchandise that consumers recognize in a mall-based setting and that's the segment of retail that's had the biggest struggle."

With some 24 million square feet of real estate and 23,000 employees, a liquidation of Bon-Ton would have sweeping implications.

Bon-Ton is aiming to keep stores open by selling the entire company, though retail bankruptcies often present the serious possibility of liquidation or a major downsizing.

The company has hired an outside agency to liquidate all of its assets if it can't find a viable alternative, financial adviser James Baird said in a court filing.

Bon-Ton asked a federal bankruptcy judge to approve procedures for a potential sale of its assets or external investment to continue operations.

"There are multiple parties active in the process, including a number of merchants and landlords who have expressed interest in participating in a transaction," Baird said.

Debtwire's Emma said Bon-Ton faces a legitimate risk of liquidation, in part because the company could go away even if it sells its assets.

"It looks like all potential options are still on the table," he said.

The company's stores are located in 24 states in the Northeast, Midwest and Great Plains. Bon-Ton has dual headquarters in New York and Milwaukee.

"The actions we are taking are intended to give us additional time and financial flexibility to evaluate options for our business," Bon-Ton CEO Bill Tracy said in a statement.

The company has already secured...

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