

BUSINESS

FRIDAY, SEPTEMBER 20, 2002

Golf America Stores Inc. to go out of business

340 workers to lose jobs;
White Marsh-based chain
failed to get financing

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SUN STAFF

White Marsh-based Golf America Stores Inc., a golf clothing and accessories retailer, will go out of business by mid-January, closing 35 stores in 18 states and laying off 340 employees.

The 8-year-old company filed for Chapter 11 bankruptcy protection Aug. 7 in U.S. District Court in Delaware with assets of \$20.4 million and liabilities of \$40.16 million, according to court papers.

The chain has a total of about

40 employees at its White Marsh headquarters and warehouse, and at two Maryland stores, at The Avenue in White Marsh and at Arundel Mills.

The decision to close was made after lender Wells Fargo Retail Finance LLC, a Wells Fargo & Co. subsidiary, declined to give Golf America additional financing to stay in business, said Robert Blumenfeld, president of American Recovery Group LLC, a court-appointed New York firm that is managing Golf America.

The court approved a motion filed by **Golf America** to begin liquidation proceedings late last month.

Wells Fargo is Golf America's largest secured creditor, holding a loan of \$25.3 million. Unse-

cured creditors, mainly apparel vendors, are owed \$14.8 million, according to court papers.

ARG took over after the company's founder, president and chief executive officer, Stuart M. Lucas, resigned Sept. 4, Blumenfeld said. Lucas could not be reached for comment yesterday.

According to court papers, Lucas holds a 17.85 percent stake in the company and other managers and founders hold a combined 42.97 percent stake. Phillips-Smith-Machens Venture Partners, an Addison, Texas-based investment firm, holds the largest stake, 34.75 percent, and Petra Capital LLC of Nashville, Tenn., holds 4.43 percent.

Until last year, the golf specialty chain had [See *Golf*, 2c]

Golf America Stores Inc. to go out of business

[*Golf*, from Page 1c]

been on a growth spurt. It opened 13 stores that year and five the previous year, Blumenfeld said.

The company was profitable until last year, when it began experiencing problems, he said.

"They certainly got affected by events after 9/11. And on top of that, they had opened up additional locations," Blumenfeld said. "Their access to capital

was drastically reduced, as well as their ability to borrow funds."

Sales at the privately held company in its last fiscal year, which ended Feb. 2, totaled \$24.2 million, Blumenfeld said. But sales had declined 14 percent to 18 percent since Sept. 11 last year. He did not have sales figures for the previous year.

Blumenfeld said going-out-of-business sales have begun.

The chain had stores in some of the country's best malls, said

Mark Millman, president of the Owings Mills-based Millman Search Group, an executive recruiting and consulting group specializing in retail. But the company couldn't overcome a difficult retail environment, he said. "They had a good niche, but again the customers were not buying. As popular as golf is, sales were not meeting expectations. It's just another effect of the worsening and challenging retail climate."