

January 09, 2009 2:43 PM

Another retailer declares bankruptcy

Upscale coatmaker Searle filed earlier this week, listing debts between \$1 million and \$10 million.

Adrienne Pasquarelli

The winter has turned colder for upscale coat seller Searle. The retailer's parent companies, Tom Jones Inc. and Searle Blatt & Co., filed for Chapter 11 bankruptcy protection earlier this week.

The filing lists debts between \$1 million and \$10 million. Searle is seeking protection from over 100 creditors, the largest of which are Eastern State Health & Welfare Fund and Marks Paneth & Shron.

The outerwear company will use the filing to renegotiate the leases for its seven Manhattan locations, according to the company's director of sales, Rick Weinstein.

Searle's small size may be advantageous to its survival if a larger company wishes to acquire it, according to financial experts. **"[Searle is] not such a large company that a wholesaler could not get involved and use it as another channel to sell merchandise to the consumer," said Matt Polsky, a managing director at Net Worth Solutions Inc.**

He added that the dismal real estate market will be helpful in convincing landlords to reduce rents rather than risk an empty storefront.

The coat company is just the latest of a series in retail bankruptcies, most of which are liquidations, ranging from home furnishings company Linens 'n Things to bargain clothier Steve & Barry's. On Thursday, many retailers posted double-digit declines in December same-store sales, further highlighting the dismal retail landscape. On average, same-store sales for the month declined 1.5%, according to tracking firm TNS Retail Forward.

Some in the retail community are not surprised to hear of Searle's downfall. Over the summer, it was rumored that Searle was seeking new financing because its primary lender was no longer comfortable with the account. In addition, as early as September, the retailer had huge sale signs in its window, advertising deep discounts before the winter coat selling season was even underway. The company now has current inventory marked down by more than 50%.