

RETAIL

## Barneys nearly triples financing after bankruptcy filing

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*Iconic black shopping bag from Barneys. Image credit: Barneys New York*

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By STAFF REPORTS

Department store chain Barneys New York has received new financing to support its ongoing business operations in light of its bankruptcy filing this week.

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Barneys has secured \$218 million in new capital, replacing the \$75 million in financing the retailer had announced earlier this week. Together with operating cash flow, this will allow Barneys to meet financial obligations as it begins the process of winding down retail operations in select locations.

### Barneys bankruptcy

This week, Barneys filed for Chapter 11 bankruptcy in an effort to reorganize its business for a sale. As part of the bankruptcy proceedings, Barneys will be closing a number of stores and reevaluating its leases, while online channels will all remain operational.

As part of its initial filings, Barneys had asked the United States Bankruptcy Court for the Southern District of New York for permission to keep paying employees and doing business with customers ([see story](#)).

Barneys originally had a financing relationship with affiliates of Hilco Global and the Gordon Brothers Group for \$75 million.



*Exterior of Barneys New York flagship. Image credit: Barneys*

This has been replaced with a new financing agreement with Brigade Capital Management and B. Riley Financial, to a tune of \$218 million nearly triple the original amount. The court granted Barneys interim approval to immediately access \$75 million of this figure to continue operations.

"We are pleased to partner with Brigade Capital and B. Riley Financial, whose substantial financial commitment will better support Barneys New York as we continue to offer a unique customer experience, strengthen our relationships with our vendors and conduct a sale process to position Barneys New York for the long-term," said Daniella Vitale, CEO/president of Barneys New York, in a statement. "This significantly enhanced financing commitment demonstrates the belief of Brigade Capital and B. Riley Financial in the value of the Barneys New York brand and business.

"I would also like to thank Hilco Global and the Gordon Brothers Group for their interest and professionalism," she said. "The competition to provide Barneys New York with fresh capital a substantial amount of which is being provided on a junior basis reinforces our confidence in achieving a value enhancing transaction."

Additionally, the court approved Barneys' request to continue paying employees' salaries and benefits, as well as permission to honor customer orders.

The retailer will also pay trade vendors, manufacturing partners and suppliers for goods and services provided on or following Aug. 6, the initial filing date.

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