

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:	Jointly Administered Under Case No. 17-30673 (MER)
Gander Mountain Company, Overton's, Inc.	Case No. 17-30673 Case No. 17-30675
Debtors.	Chapter 11 Cases

**JOINT STATEMENT OF THE LIQUIDATING TRUSTEE
AND SIG SAUER INC. CONCERNING RECLAMATION CLAIM**

1. The Gander Mountain Creditors' Liquidating Trust, through META Advisors, LLC, in its capacity as the liquidating trustee ("Liquidating Trustee"), and Sig Sauer Inc. ("Sig Sauer"), by and through their respective undersigned counsel, respectfully submit this Joint Statement:

2. This Joint Statement is filed pursuant to the Court's Order, dated March 22, 2018 (ECF No. 1659), directing the Liquidating Trustee and Sig Sauer to file a statement setting forth the legal issues, and disputed factual issues, if any, concerning Sig Sauer's asserted reclamation claim, and to advise the Court whether the parties consent to mediation.

3. The parties agree that Sig Sauer timely submitted its *Reclamation Claims and/or Twenty Day Claims Form*, dated May 16, 2017 (the "Sig Sauer Reclamation Claim"), in accordance with the Court's *Amended Order Granting Expedited Relief and Establishing Procedures for the Resolution of Reclamation Claims and Administrative Claims Asserted Pursuant to Section 503(B)(9) of the Bankruptcy Code* (ECF No. 211) (the "Procedures Order").

4. Through the Sig Sauer Reclamation Claim Sig Sauer asserted a reclamation claim in the amount of \$880,824.85. The parties agree that this reclamation claim amount is inclusive

of Sig Sauer's asserted Section 503(b)(9) claim. After discussions between the parties, the parties have agreed that the amount of Sig Sauer's reclamation claim is \$544,273.21 and the amount of Sig Sauer's Section 503(b)(9) claim is \$374,717.15.

Factual Issues

5. The parties submit that there are no factual issues in dispute.

Legal Issues

6. The Liquidating Trustee submits the following legal issues are in dispute:
 - a. Whether because the value of the Prepetition Secured Obligations¹ exceeded the value of goods encumbered by the Prepetition Senior Liens in the Debtors' inventory (including the goods subject to Sig Sauer's Reclamation Claim) as of the Petition Date, Sig Sauer's reclamation rights were rendered valueless.
 - b. Whether the DIP Credit Parties were required to marshal the DIP Collateral so as to satisfy the DIP Obligations first from the Debtors' DIP Collateral that did not include the goods that are the subject of Sig Sauer's Reclamation Claim, notwithstanding that Paragraph 39 of the DIP Order provides that the DIP Credit Parties shall not be subject to the equitable doctrine of marshalling.
 - c. Whether the Debtors' use of proceeds from the DIP Facility to satisfy the Debtors' Prepetition Secured Obligations extinguished Sig Sauer's reclamation rights.

¹ Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to such terms in the Court's *Final Order Pursuant to 11 U.S.C. § § 105, 361, 362, 363, 364 and 507 (I) Approving Postpetition Financing; (II) Granting Liens and Providing Superpriority Administrative Expenses Status, (III) Authorizing Use of Cash Collateral, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay, and (VI) Granting Related Relief* (ECF No. 443) (the "DIP Order").

- d. Whether the DIP Liens granted to the DIP Credit Parties under the DIP Facility primed any reclamation rights asserted by Sig Sauer, rendering Sig Sauer's reclamation claims valueless.
 - e. Whether, following the enactment of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, as applicable to Bankruptcy Code § 546(c), the Court has the authority to grant Sig Sauer an administrative expense claim on account of the portion of the Sig Sauer Reclamation Claim that is in excess of the amount of its Section 503(b)(9) claim.
7. Sig Sauer submits that the following legal issues are in dispute:
- a. The issues set forth in Paragraphs 6(a)-(e) above.
 - b. Whether the Sig Sauer Reclamation Claim is secured by a first priority interest in the Reclamation Claimants Reserve (funds required to be held and maintained in a separate reserve for the benefit of eight specified reclamation claimants pursuant to Paragraph 41 of the Confirmation Order [ECF No. 1572]) such that those funds are available for immediate payment of the Sig Sauer Reclamation Claim.

Mediation

8. The Liquidation Trustee agrees to participate in mediation to resolve the Sig Sauer Reclamation Claim. The Liquidation Trustee further submits that Paragraph 2.1. of the Procedures Order requires the parties to participate in mediation prior to any hearing concerning disputed reclamation claims, and only if such mediation is unsuccessful, will the Court resolve any remaining disputes.

9. Sig Sauer, without conceding that the parties are required to participate in mediation prior to any hearing concerning disputed claims, agrees to participate in mediation to resolve the Sig Sauer Reclamation Claim.

10. The parties wish to further advise the Court that they have engaged in constructive discussions since the last hearing and have reached agreement on material terms of a settlement concerning the allowance and resolution of the Sig Sauer Reclamation Claim and Sig Sauer's Section 503(b)(9) claim, subject only to resolution of material terms regarding timing of payment. The parties agree that unresolved issues relating to timing and priority of payment will not require mediation and may be presented to the Court for resolution.

11. Pursuant to Local Rule 9011-4(f), the undersigned authorize the e-filing of this document with their electronic signatures affixed below.

Dated: April 6, 2018

Respectfully Submitted,

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