

Tuesday, Mar. 31, 2009

Bidding goes into the night for Gottschalks

By TIM SHEEHAN
The Fresno Bee

Bidding for Gottschalks was "still going strong" late Monday, said an attorney close to the bankruptcy auction that will determine the Fresno-based department-store chain's fate.

Results of the auction, held behind closed doors, may not be known until Wednesday morning, when a bankruptcy judge would approve the prevailing bid.

Michael Wilhelm, an attorney for one of the company's Fresno landlords, River Park Properties, learned from colleagues in Delaware that no winner had emerged by 7 p.m. Eastern time.

"We're holding our breath to see what happens," he said.

Gottschalks filed for Chapter 11 bankruptcy in mid-January in hopes of either reorganizing its debt or finding a buyer.

Last week, the company announced three bidders qualified for the auction: Two groups of liquidators, which would sell off merchandise and shut down the business, and Shandong Commercial Group of China, which hopes to keep at least some stores open.

Government-backed One Chinese business expert said Shandong is probably looking to gain a foothold in real estate and distribution in the United States.

Usha C.V. Haley of the John F. Kennedy School of Government at Harvard University said the company is completely controlled by the government of Shandong, which is one of 23 provinces in China.

Details of the Shandong proposal -- including whether any Gottschalks stores would be closed -- have not yet been made public.

Neither Gottschalks Chairman and CEO James Famalette nor his attorneys could be reached on Monday.

Haley said an acquisition of Gottschalks by Shandong is consistent with the Chinese government's goal for its commercial entities to build equity and acquire known brand names in America.