



Sneaker maker Converse files for bankruptcy; closes production plant in North America

By Justin Pope
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BOSTON - Sneaker maker Converse Inc., best known for its basketball and "Chuck Taylor" brand shoes, is closing three North American production plants and shifting production to Asia as part of a Chapter 11 bankruptcy reorganization.

The 93-year-old company said Monday it plans to close its plants in Lumberton, N.C., Mission, Texas, and Reynosa, Mexico, by March 31. The three plants employ about 1,000 people.

Converse said it plans to become exclusively a licensor of Converse-brand products - a model it has already adopted for overseas sales.

"One could perhaps criticize us for holding on longer than most," chairman and chief executive Glenn Rupp said in a telephone interview Monday. "If you look at our major competitors, with rare exceptions, all of their products are manufactured in the Far East."

The North Reading-based company said it has enough financing to continue operations during the restructuring. Converse has filed a motion with the bankruptcy court in Delaware seeking approval of an agreement to make Santa Barbara, Calif.-based Global Brand Marketing Inc. the licensee for Converse-brand footwear in the U.S.

A Charlotte, N.C., distribution facility may also be affected by the company's previously announced restructuring plan, depending on how Converse's new licensing arrangements develop.

The company, which was facing a Jan. 31 deadline to satisfy its creditors, missed a \$ 25 million interest payment in June. On Sept. 30, it listed assets of \$ 202.1 million and debts of \$ 226.2 million.

Converse reported a net loss of \$ 6.3 million, or 36 cents per share, for the third quarter ending Sept. 30, 2000.

Rupp insisted the Converse brand and sales are strong, but the company is simply too overwhelmed by debt dating back to its 1995 acquisition of apparel-maker ApexOne. Converse sued ApexOne for fraud and deception after the acquisition, and received a \$ 13.7 million jury award, which Rupp said was far less than the actual damages.