

NEW YORK POST

DESIGNER HANGS BY A THREAD

By JAMES COVERT

March 26, 2009 --

Hip-hop clothing designer Marc Ecko -- who famously bought Barry Bonds' controversial record-breaking home-run ball and put an asterisk on it -- is now in danger of being caught in a squeeze himself.

Ecko has hired investment bank **Peter J. Solomon** to help refinance at least \$170 million in debt owed to two key business partners, sources told The Post. With lenders scarce, sources say his empire may be dismantled as he sells off assets to pay creditors.

After a disastrous holiday season that forced heavy markdowns at department stores including Macy's -- where Marc Ecko is the largest supplier of young men's clothing -- sources said the company owes more than \$100 million to Li & Fung, a global trading company that helps manufacture Marc Ecko's inventory.

To make matters worse, Marc Ecko has defaulted on a term loan of more than \$70 million from a syndicate led by commercial-lending giant CIT, sources said.

While Marc Ecko has won forbearance on the loan, CIT "wants their money," and will have to be paid in full by July and possibly sooner, according to one source. Accordingly, Ecko is "scrambling to avoid bankruptcy so he doesn't lose every stitch of equity he's got," the source added.

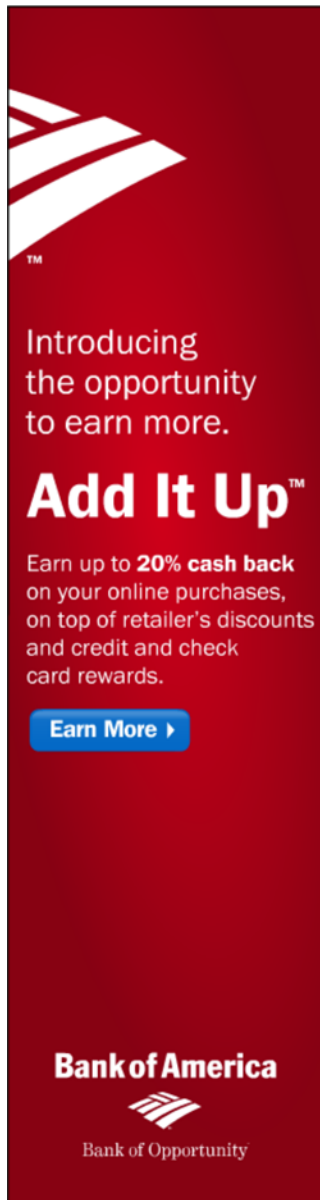
"We're pretty confident that this isn't an issue that's life-threatening at all," Michael Golden, chief marketing officer at Marc Ecko Enterprises, told The Post. "In our case, we have more than enough assets to pay off that term loan, and we have more than enough time."

Golden characterizes the \$100 million due to Li & Fung as "normal trade payables" that fluctuate with seasonal inventory. And while he admits that "some businesses are doing better than others," Golden noted strength in the company's licensing and international units.

Nevertheless, sources said Marc Ecko's executives and bankers alike have been lobbying phone calls to rivals, trying to unload the company's brands in exchange for cash. Having slashed its bloated expenses in half, Marc Ecko is desperately trying to lease out chunks of its 280,000-square-foot headquarters

on West 23rd Street -- which includes a half-size basketball court.

The dire scenario is a far cry from a few years ago, when Marc Ecko had entertained potential offers from Jones Apparel Group and Tommy Hilfiger. At one time, both firms were weighing bids for Marc Ecko in the \$500 million range, according to one source.



Introducing the opportunity to earn more.

Add It Up™

Earn up to **20% cash back** on your online purchases, on top of retailer's discounts and credit and check card rewards.

[Earn More >](#)

Bank of America
Bank of Opportunity