UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
SCHUTT SPORTS, INC., *et al.*,	)	Case No. 10-12795 (KJC)
	)	
Debtors.	)	(Jointly Administered)
	)	
		Related Docket No. 179

RIDDELL, INC.'S OBJECTION TO DEBTORS' MOTION TO HOLD RIDDELL, INC. IN CONTEMPT OF COURT FOR VIOLATION OF THE AUTOMATIC STAY

Riddell, Inc. ("Riddell"), by its undersigned counsel, submits this objection (this "Objection") to the *Debtors' Motion to Hold Riddell, Inc. in Contempt of Court for Violation of the Automatic Stay* (the "Motion") pursuant to sections 105(a), 362(a) and 362(k) of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), (1) for a holding of contempt of court for violation of the automatic stay, (2) seeking to prohibit Riddell and its sales agents from certain communications with the customers of the captioned debtors and debtors in possession ("Schutt" or the "Debtors"), and (3) ordering Riddell to comply with a subpoena. In support of this Objection, Riddell respectfully represents and states as follows:

Summary of Objection

1. Riddell has taken no action that violates the automatic stay under Bankruptcy Code §362(a)(6) --- which prohibits a creditor from taking actions to collect or recover a prepetition claim --- or any other provision of §362(a). None of the communications attached by Schutt to the Motion indicate any effort by Riddell to coerce or harass the Debtors

into paying Riddell's $29 million prepetition claim against the Debtors, or otherwise violate any provision of §362(a)(1) through (8).

2. Schutt's Motion is a transparent effort to gag Riddell in its communications to existing and potential customers of both Schutt and Riddell. Schutt asks this Court to order Riddell to cease communications that draw comparisons between each party's products or that "misinform customers regarding the effect of Debtor's chapter 11 proceedings."[1] Riddell and Schutt are head-to-head competitors in the market for football helmets. Schutt consistently has painted a rosy picture of its financial and legal difficulties and asks this Court to restrain Riddell from stating any contrary view to customers and potential customers that these competitors share. Civil contempt is willful disobedience of a lawful order of a court with competent jurisdiction over the subject matter, and the purpose of a civil contempt order is to coerce compliance. All of the communications attached to the Motion are dated between September 15 and September 23, 2010, in the early days following the Debtors' bankruptcy filings. None of these or any other communications from Riddell were an act to collect, assess or recover Riddell's $29 million prepetition claim, and Riddell has been and remains in full compliance with the order for relief and the automatic stay. In addition, even if the communications of Riddell's sale representatives regarding the Debtors' voluntary bankruptcies were designed to obtain payment of Riddell's $29 million prepetition claim or were otherwise in violation of the order for relief and the stay (which they were not), Riddell has taken actions to direct to Schutt itself inquiries regarding the bankruptcies. There is no willful disobedience with any order of this Court. Similarly, the Debtors' request for an injunction is moot.

[1] Motion p. 12.

3. The subpoena issued by the Debtors imposed a deadline for compliance that was 2 days from its issuance and electronic service, and 1 day from its service by mail. Riddell required additional time to search its emails in order to comply with the subpoena, and requested that time from the Debtors, as set forth in the Debtors' attachments to the Motion and other communications (not attached to the Motion) between counsel to Riddell and counsel to the Debtors. Riddell has completed its search and earlier today complied with the subpoena. The Debtors' request regarding compliance with the subpoena is moot.

Background

4. Riddell and Schutt are head-to-head competitors in the market for football helmets.

5. Riddell and Schutt have been engaged in patent infringement litigation for nearly 2 years. Specifically and in brief, on December 10, 2008, Riddell brought suit against Schutt in the United States District Court for the Western District of Wisconsin (the "Wisconsin Litigation") asserting numerous claims of patent infringement, and on August 9, 2010, after a six-day trial before the United States District Court for the Western District of Wisconsin, the jury awarded Riddell damages of more than $29,000,000 as compensation for Schutt's infringement of United States Patent Nos. 6,934,971, 7240,376, and 7,036,151 through the manufacture, sale, and offer for sale of Schutt's infringing DNA and ION football helmets and REVO facemasks. The District Court entered the judgment on August 18, 2010. Schutt has not appealed from that judgment.

6. On September 6 and September 15, 2010, the Debtors filed their bankruptcy petitions.

Riddell Has Not Violated the Automatic Stay

7. Riddell employs 235 sales persons in its sales department. Riddell also has agreements with over 16 "straight commission," independent sales representatives, who are not employees of Riddell, but each of whose agreements with Riddell provides for the payment of sales commissions for sales of Riddell products made by him or her.

8. Not surprisingly, Riddell and Schutt have many of the same customers.

9. Also unsurprisingly, those customers generally had heard news of the Wisconsin Litigation and of the Debtors' bankruptcy filings.

10. Schutt itself has publicized and continues to publicize these events.

11. On September 7, 2010, Schutt itself issued a press release attached as Exhibit A to this Objection, stating that it and the affiliated Debtors had filed chapter 11 proceedings, acknowledging the possibility that they would liquidate all of their assets, and specifically referring to Riddell and the Wisconsin Litigation as the proximate cause of the bankruptcy filings:

> The Company is exploring strategic options to maintain long-term health, including selling some or all of the businesses or raising additional equity. The Company has received a proposal for a plan of reorganization funded by a rights offering, backstopped by a group of investors. Riddell, Inc., whose lawsuit was a proximate cause of the need to file chapter 11 would not be given the opportunity to invest in the proposed rights offering.
>
> The proposed plan of reorganization would also provide for a significant deleveraging of the Company's balance sheet. The Company is considering this proposal, while it also seeks other equity sponsors and acquirers for Schutt. If one

of these transactions were to materialize, it would be implemented via a plan or Section 363 auction transaction.[2]

12. Doug Carrico, Jason Evenhus, Abe Shoubash, and Ryan Wassink, whose communications are attached to the Motion as Exhibits 2-5 are sales employees of Riddell. Joe Wilcox, whose alleged communication (to an unidentified recipient) is attached to the Motion as Exhibit 1, is not an employee, but is an independent sales representative.

13. None of these emails show any intent whatsoever by Riddell to coerce or pressure the Debtors into paying Riddell's $29 million prepetition judgment against Schutt.

14. The statements in Doug Carrico's email (Exhibit 2 to the Motion) regarding the Wisconsin Litigation and the Debtors' bankruptcy filings reiterated the same information conveyed by Schutt in its September 7 press release.

15. Jason Evenhus' email (Exhibit 3 to the Motion) referred his customers to an online St. Louis Business Journal article, which apparently contained a link to the Debtors' bankruptcy filings, and suggested in addition that those customers google "Schutt Sports + Chapter 11" to find out "what is going on." The email also attached Schutt's own September 7 press release.

16. Abe Shoubash, in his email to one of his customers (Exhibit 4 to the Motion), stated that he was "not sure what effects or uncertainty" the Debtors' chapter 11 filings would have. Such effects and uncertainties are obvious to virtually everyone who knows what "Chapter 11" is. Those effects and uncertainties also were expressly acknowledged by Schutt, whose September 7 press release ran the gamut of possibilities and uncertainties, referring to the

[2] Schutt's September 7, 2010 press release can be found at http://www.pressreleasepoint.com/schutt-sports-seeks-protection-under-chapter-11

exploration of strategic options, a possible (but clearly uncertain) equity infusion, a possible (equally uncertain) plan funded by a rights offering, and a possible liquidation by the Debtors' sale of some or even all of the Debtors' assets.

17. Ryan Wassink's email (Exhibit 5 to the Motion) referred to the Debtors' recent bankruptcy filing and "speculation that they will go under." That speculation also was shared by Schutt, whose September 7 press release stated that one of the "strategic options" it was exploring was "the sale of all of the businesses."

18. Joe Wilcox's purported email (attached as Exhibit 1 to the Motion) is dated September 17, 2010 (a mere 10 days after the petition date), and the Motion does not indicate to whom if anyone the email was sent, the name of the recipient having been excised.

19. Joe Wilcox is not an employee of Riddell, but is an independent "straight commission" sales representative for Riddell products. His communications and acts cannot be attributed to Riddell.

20. Even if they could, Schutt itself previously had transmitted the information set forth in the Wilcox email, through its press release and its filings in this case, including the aggregate amounts owed to the Debtors' creditors, listed as $50 million to $100 million by Schutt in the lead petition, and the amount owed to NOCSAE, listed at $257,786 in the lead petition.

21. The statements in the Wilcox email regarding the future sale of and support for DNA and ION helmets were equally reasonable and had already been put in play by Schutt.

22. Schutt itself asserted in its first-day declaration that it is phasing out its current line of DNA and ION helmets, but with its own optimistic and self-serving spin. In the *Declaration of Rollen Jones in Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief* (Docket No. 14) (the "Rollen Declaration"), the Debtors "strongly contend that the DNA and ION football helmets do not infringe Riddell's patents," and that they would prevail on appeal, though the Debtors have not yet taken that appeal. The Debtors went on to assert in the Rollen Declaration that they "have nonetheless undertaken a good faith effort to retool their helmets to avoid the purported infringement. In this regard," the Rollen Declaration continued, "the Debtors recently produced a sample second generation DNA/ION football helmet, which will not infringe on the Riddell patents, no matter the outcome of the Riddell Litigation. The Debtors will be able," the declaration further asserted, "to offer a non-infringing alternative product in approximately four months." Declaration, ¶39.

23. Schutt has amplified to a deafening roar its own rosy version of its being found guilty of patent infringement and filing for bankruptcy, all in a transparent attempt (as is the Motion) to drown out all other voices. On October 5 --- the day before the filing of the Motion --- Schutt widely circulated an email called "Lies, Damned Lies, and Football Helmets," which attached and thus further circulated the independent sales rep Wilcox's September 17 email. See Exhibit B. The Wilcox email sent by Schutt is artfully cropped at the top to exclude the sender and show only a partial "riddellsales" web address, making it appear on a casual review that it actually came from a Riddell sales employee, which it did not.

24. Schutt's "Lies, Damned Lies, and Football Helmets," email mischaracterized the Wilcox email as a "recent false and misleading communication" from "our

competitor," urged at the top of the email that recipients "Join Team Schutt" and "Send To A Friend," and stated that Schutt wanted to "set the record straight," and "tell you what IS true."

25. These "truths" include Schutt's categorical statements that "Chapter 11 protection will allow us to restructure our debts and emerge a stronger and better company" and to "continue operating without disruption" (though Schutt itself has stated in its press release that it may fail in this effort and be forced to liquidate by selling all of its businesses), the unconditional assertions that Schutt has "the unwavering support" of its "customers across the country and around the world" and the "unwavering support of our American employees," the unequivocal statement that Schutt "will continue to honor all warranty claims in the future (notwithstanding that, depending on the outcome of Schutt's sale and/or plan and/or liquidation process, such claims may or may not be honored), the emphatic assertion that sales of Schutt's ION and DNA helmets were "NOT affected by the lawsuit" because of Schutt's ongoing "speedy redesign of the ***helmet shell***" (emphasis in original), the repeated claim that" the Riddell lawsuit was wrongly decided" (notwithstanding that Schutt has not appealed from the adverse judgment in that lawsuit), and the climactic untruth that "[w]e all know that Riddell is losing the battle on the fied so now is resorting to a smear campaign."

26. This smear "campaign" that Schutt refers to appears, again, to be based entirely on a single email, sent nearly 3 weeks earlier by a single straight-commission salesperson, Joe Wilcox, who is not even an employee of Riddell.[3] Further, Schutt appears to have sent its October 5 "Lies, Damned Lies, and Football Helmets" email --- which attached and

[3] Joe Wilcox is one of only 16 non-employee "straight-commission" sales representatives with whom Riddell has agreements. By contrast, 235 sales persons at Riddell are actual employees (as opposed to independent contractors) of Riddell.

if anything revived the September 17 email nearly 3 weeks later --- to a far more extensive list of recipients than those who were sent the original email. The Debtors are estopped from complaining of Wilcox's email by their having self-published and further and more widely circulated that email in its entirety, nearly 3 weeks after it was sent, giving it vitality likely for the first time.

27. In any event, Riddell by the Wilcox email took no action that violated the automatic stay under Bankruptcy Code §362(a)(6) --- prohibiting a creditor from taking actions to collect or recover a prepetition claim --- or any other provision of §362(a), even if Wilcox's actions could be attributed to Riddell, and even assuming that this email (which shows no recipient) was sent by him.

28. At no time did Riddell instruct any of the sales persons in its employ or any of the independent commission sales representatives with whom it does business to communicate or refrain from communicating information regarding the Debtors' bankruptcy in an effort "to collect, assess, or recover a claim against the debtor that arose" prepetition or otherwise in violation of the stay.

29. Even if it had done so, none of the emails or any other facts alleged by the Debtors in their Motion constitute an effort "to collect, assess, or recover a claim against the debtor that arose" prepetition or any other violation of the automatic stay.

30. The Debtors offer no evidence that Riddell has sought to coerce payment on its $29 million judgment. Instead, the Debtors appear to argue that only a debtor can transmit information regarding a bankruptcy case and that all communications by a non-debtor in the

bankruptcy case are prohibited. Neither the provisions of §362(a) nor the cases interpreting those provisions support this argument.

31. Section 362(a) does not, as the Debtors declare, restrict all communications by a creditor, but only those that threaten or constitute an action prohibited by §362(a). The Third Circuit has expressly rejected the argument made by the Debtors in *In re Brown*, 851 F.2d 81, 82, 85 (3d Cir. 1988). In that case, which the Debtors have not cited, the Third Circuit held that a credit union did not violate §362(a)(6) by sending to a chapter 7 debtor a letter informing the debtor of the credit union's rule that would bar her from membership in the credit union unless she reaffirmed, with court approval, her outstanding debt. The court cited approvingly the bankruptcy court's reasoning that the "'fresh start' policy does not entitle a debtor to rights not granted by Congress: the statutory protections define the scope of the policy, not the other way around." "The respite is not from communication with creditors, but from the threat of immediate action by creditors, such as a foreclosure or a lawsuit. The bankruptcy court found that no such immediate action was contemplated or threatened, a finding that is not contradicted by this record." The communications at issue in this case even more clearly than in *Brown* were not intended to coerce payment of Riddell's $29 million prepetition claim, and nothing in §362(a) or in the Third Circuit's holding that "the statutory protections define the scope of the policy, not the other way around" authorize the entry by this Court of the gag order requested by the Debtors.

32. The Fifth Circuit in *In re Nat'l Serv. Corp.*, 742 F.2d 859 (5th Cir. 1984) considered the case of a creditor intent on posting the following messages on billboards: "Beware, This Company Does Not Pay Its Bills," and "Beware, This Company is in

Bankruptcy." *Id.* at 860. The bankruptcy court enjoined the creditor from posting on the billboards, and the Fifth Circuit reversed. *Id.* at 860-61. The case did not involve, as here, a creditor in the same industry as the debtor. The Fifth Circuit held that the billboards were not mere commercial speech and were in fact expressions of "pure speech entitled to unfettered first amendment protection." *Id.* at 861. The court considered the injunction an "impermissible prior restraint upon that free speech." *Id.* at 862.

33. *Hickson v. Home Fed. of Atlanta*, 805 F. Supp. 1567 (N.D. Ga. 1992), aff'd, 14 F.3d 59 (11th Cir. 1994), involved a bank's reporting the debtor's delinquency on loan payments to a credit agency. *Id.* at 1570. The district court held that §362(a) does not prevent any parties from making legitimate reports to credit agencies regarding a debtor that in bankruptcy. *Id.* at 1573. The Eleventh Circuit affirmed.

34. Numerous courts including those in decisions cited by the Debtors and those cited above have held that communications regarding a bankruptcy proceeding are permitted under §362(a), and indeed under the First Amendment to the U.S. Constitution, unless they are made with the intent to coerce the debtor to pay a prepetition claim. *See In re Pomeroy*, 343 B.R. 279, 280 (M.D. Fla. 2005) (a creditor's sending letters to the debtor's business associates containing derogatory remarks and allegations regarding the debtor, while "highly inappropriate" and constituting "letters of harassment," were not for the purpose of "coercing or attempting to coerce the Debtor into the payment of a debt allegedly owed" and thus did not violate §362); *In re Singley,* 233 B.R. 170, 173 (S.D. Ga. 1999) (communication could violate the automatic stay only "if made with the intent to harass or coerce a debtor and/or co-debtor into paying a pre-petition debtor."); *In re Gordon*, 174 B.R. 257, 259 (Bankr. N.D. Ohio 1994)

("[m]ere words, although conceivably disparaging, distasteful or denigrating, without a clearly manifested attempt to recover on a prepetition claim . . . , to enforce a prepetition judgment . . . , or to accomplish any other act expressly proscribed" by §362(a) are not a stay violation.); and *In re Stonegate Security Servs.*, Ltd., 56 B.R. 1014, 1016, 1019 (N.D. Ill. 1986) (creditor who parked a truck outside the debtor business with statements on the truck reading "Stonegate Auto Alarms does *not* pay suppliers" and "Crime does not pay, Stonegate Auto Alarms the same way" did not violate § 362(a); "in order for §362 to constitutionally curtail 'harassing' speech, the speech must be truly obstructive, that is, it must amount to conduct that seriously and effectively interferes with the judicial process itself-or presents a clear and present danger of doing so-and involves no or at least limited First Amendment interest. It is not enough that the behavior be 'annoying,' . . . or even that it has actual adverse effect on someone's business.").

35. Such intent to coerce payment of a prepetition claim was found in the case on which the Debtors most heavily rely, *In re Sechuan City, Inc.*, but is wholly absent here. In *In re Sechuan City, Inc.*, 96 B.R. 37, 38-40 (Bankr.E.D. Pa. 1989), the debtor's landlord had posted signs at the entrances to the debtor's restaurant asking the debtor's patrons to not patronize the restaurant because "IT DOES NOT PAY IT'S [sic] BILLS" and "HAS DISHONORED ITS OBLIGATION FOR PAYMENT TO THE LANDLORD," and the court found, based on the testimony of the landlord's employees, that "the defendants' intent in posting these signs was to inform the public about the debtor's bankruptcy filing and to 'shame' and 'embarrass' the debtor into paying its bills." Accordingly, the court held that the landlord had violated §362(a)(6).

36. Numerous other courts have so held. *See In re Collier*, 410 B.R. 464, 473-474 (Bankr. E.D. Tex. 2009) (a creditor's posting a large sign outside of the debtor's business

stating "BRAD COLLIER OWES ME $984.23 WILL YOU PLEASE COME AND PAY ME!" held to constitute an action to collect a debt; the court suggested that, had the sentence ended in a question mark, it may have decided otherwise: "the use of a exclamation mark in lieu of a question mark... transforms the sentence into a directive, which *demands* that the Debtor pay the debt."); *In re Crudup*, 287 B.R. 358, 359-361 (Bankr. E.D. N.C. 2002) (creditor's sending a letter to the debtor's wife and parents-in-law threatening to blanket the city with information about the bankruptcy and information on how the debtor could resolve his problems with the creditor constituting threats of future acts and a way to make [the creditor] cease his efforts, that is, to pay him, was "clearly an attempt to collect the debt owed" to the creditor and was thus a stay violation.); and *In re Andrus,* 189 B.R. 413, 414-415, 417, n. 9 (N.D. Ill. 1995) (a creditor's posting a large sign near the debtor's house reading "GENE ANDRUS, WHERE'S MY MONEY," "GENE ANDRUS WENT BANKRUPTCY! HE DIDN'T PAY HIS BILLS. HE IS A DEADBEAT! THIS IS A PUBLIC SERVICE ANNOUNCEMENT," coupled with an angry message on the debtor's answering machine threatening to ruin the debtor's reputation unless the debtor repaid the debt, violated the automatic stay; the district court held that the bankruptcy court "found, quite correctly, that [the creditor] erected the signs in an effort to recover the prepetition debt owed by the [debtor].").

37. Even in *In re Mathson Industries*, 423 B.R. 643, 645-646, 651 (E.D. Mich. 2010), cited by the Debtors, the district court relied on the bankruptcy court's finding that a key servicer who "undertook a studied effort to coerce payment of [its] prepetition claim" violated §362(a)(6) when it told potential purchasers of the debtor's machines at a §363 that it would not provide necessary parts and services. There simply is no evidence of any such effort, studied or

otherwise, by Riddell to coerce Schutt to pay Riddell's $29 million claim in the case before this Court.

38. The automatic stay does not constitute a gag order that restrains a creditor from referring to a debtor's bankruptcy or to its patently obvious possible consequences.

39. It does not prevent a debtor's competitor from attempting to sell its products in part by referring to those consequences in a light less flattering than the light chosen by the debtor in its press releases, court filings and communications to existing and potential customers of both parties.

40. Nor does the automatic stay give a debtor a monopoly on communications regarding a bankruptcy case.

41. Riddell has not violated the automatic stay under §362(a)(6) by attempting to coerce or harass the Debtors into paying Riddell's $29 million prepetition claim, nor has it violated any other provision of §362(a), nor have the Debtors made any showing that it has done so.

Riddell Is Not in Contempt of the Order for Relief or §362(a)

42. Schutt's Motion is a transparent effort to gag Riddell in Riddell's communications to existing and potential customers of both Schutt and Riddell. Schutt asks this Court to order Riddell to cease communications that draw comparisons between the each party's products or "misinform customers regarding the effect of Debtor's chapter 11 proceedings."[4]

43. Riddell and Schutt are head-to-head competitors in the market for football helmets and share those customers and potential customers. Schutt in its press release, in its

[4] Motion p. 12.

emails to customers and potential customers of the parties, and in its other communications regarding this case consistently has painted a rosy picture of its financial and legal difficulties. Schutt by its Motion asks this Court to restrain Riddell from stating any contrary view to those customers and potential customers that these competitors share, contrary to the Third Circuit's interpretation of §362(a)(6) *In re Brown*, 851 F.2d 81, 82, 85 (3d Cir. 1988), and in violation of Riddell's first amendment rights as enunciated by the Fifth Circuit in *In re Nat'l Serv. Corp.*, 742 F.2d 859 (5th Cir. 1984).

44. Civil contempt is willful disobedience of a lawful order of a court with competent jurisdiction over the subject matter, and the purpose of a civil contempt order is to coerce compliance. All of the communications attached to the Motion are dated between September 15 and September 23, 2010, in the early days following the Debtors' bankruptcy filings. None of these or any other communications from Riddell were an act to collect, assess or recover Riddell's $29 million prepetition claim, and Riddell has been and remains in full compliance with the order for relief and the automatic stay. In addition, even if the communications of Riddell's sale representatives regarding the Debtors' voluntary bankruptcies were designed to obtain payment of Riddell's $29 million prepetition claim or were otherwise in violation of the order for relief and the stay (which they were not), Riddell has taken actions to direct to Schutt itself inquiries regarding the bankruptcies. There is no willful disobedience with any order of this Court. Similarly, the Debtors' request for an injunction is moot.

Riddell Has Completed its Email Review and Complied with the Subpoena

45. The subpoena issued by the Debtors imposed a deadline for compliance that was 2 days from date on which the subpoena was issued and electronically served, and 1 day from the date on which the subpoena was served by mail. Riddell required additional time to search its emails in order to comply with the subpoena, and requested that time from the Debtors, as set forth in the Debtors' attachments to the Motion and other communications (not attached to the Motion) between counsel to Riddell and counsel to the Debtors.

46. Riddell has completed its search and earlier today complied with the subpoena.

47. The Debtors' request regarding compliance with the subpoena is moot.

WHEREFORE, Riddell respectfully requests that this Court (i) deny the Motion

in its entirety, and (ii) grant to Riddell such other and further relief as is just and proper.

Dated: October 14, 2010

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EXHIBIT A

SCHUTT SPORTS SEEKS PROTECTION UNDER CHAPTER 11

Posted September 7th, 2010 by Schutt Sports

Sep 07, 2010

LITCHFIELD, Illinois - September 7, 2010 ? Schutt Sports, Inc. ("Schutt" or the "Company"), a leading domestic manufacturer of protective sports equipment and aftermarket reconditioning services, today announced that Schutt and certain of its affiliates filed petitions under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. The Company intends to operate its business without interruption during the Chapter 11 cases as it explores certain strategic options to maximize value and recoveries for all stakeholders.

""Schutt's management and board of directors determined that a Chapter 11 process would provide the best long-term solution for our customers, suppliers, and employees," said Robert Erb, President and Chief Executive Officer of Schutt. "This process will allow us to continue operating our business as usual and to continue servicing our customers without disruption. We have the support of our bank, a great brand and look forward to strengthening our balance sheet and serving our customers for many years to come."

The Company has obtained a Debtor-in-Possession financing facility of $34 million, which will provide sufficient funds to continue normal business operations.

The Company is exploring strategic options to maintain long-term health, including selling some or all of the businesses or raising additional equity. The Company has received a proposal for a plan of reorganization funded by a rights offering, backstopped by a group of investors. Riddell, Inc., whose lawsuit was a proximate cause of the need to file chapter 11 would not be given the opportunity to invest in the proposed rights offering.

The proposed plan of reorganization would also provide for a significant deleveraging of the Company's balance sheet. The Company is considering this proposal, while it also seeks other equity sponsors and acquirers for Schutt. If one of these transactions were to materialize, it would be implemented via a plan or Section 363

auction transaction. The Company has engaged Oppenheimer & Co., Inc., as its investment banker, to explore these options.

The Company will continue to pursue vigorously its appeal of the judgment entered against it in favor of Riddell, Inc. during this process.

# # #

About Schutt Sports:
Schutt Sports is a domestic manufacturer and the world's leading maker of football helmets and faceguards. Three out of four professional football players take the field wearing Schutt® gear. The ION 4D, AiR XP, and DNA line of helmets are the world's only football helmets to feature TPU Cushioning – the same material used by the US military for helmets for fighter pilots and paratroopers. Schutt faceguards are the best in the world, both in form and in function. Schutt is also the manufacturer and supplier of bases to Major League Baseball and helmets and protective equipment for the US Olympic Softball Team. Schutt gear is designed for maximum performance based on standards dictated by the most important person in our world – the player.

Schutt shares the same passion, intensity and devotion to the game as the player. Players know what they want, they know why they want it and they know they'll succeed when they get it. For nearly a century, Schutt has made their gear - all with the sole purpose of empowering players to focus and perform at the top of their game.

EXHIBIT B

In response to recent false and misleading communications from our competitor, we want to set the record straight: Schutt remains strong and is committed to meeting all of our customers' needs.

Take a moment to read the above email sent by a Riddell sales rep. You can also download a pdf of the email here.

Now that you can see what our competitor is saying, on behalf of the many employees of Schutt we want to tell you what IS true:

1) On September 6, 2010, Schutt Sports sought protection under Chapter 11 of the bankruptcy code. Chapter 11 protection will allow us to restructure our debts and emerge a strong and better company. Our filing will allow us to continue operating without disruption. We have the full support of our bank, $34 million of Debtor-in-Possession financing and, most importantly, the unwavering support of our customers across the country and around the globe. The unwavering support of our American employees emboldens us to see this through.

2) Schutt helmets sold and reconditioned during the last two years have been certified by NOCSAE and any helmets sold or reconditioned in the future will be NOCSAE certified. In fact, Schutt Reconditioning tests nearly twice as many helmets during our reconditioning process as recommended.

3) Our product liability insurance program remains in place, has never been out of place and is funded at the same level as it was prior to the Chapter 11 filing. Schutt Sports is honoring all warranty claims and will continue to honor such claims in the future.

4) We are not halting the sales of the ION 4D or any of the DNA family of helmets. Schutt Sports makes the most innovative, protective and technologically advanced helmets in the marketplace, including the ION 4D and DNA Pro+.

5) While we strongly believe the Riddell lawsuit was wrongly decided, we are committed to a speedy redesign of the ***helmet shell***. The technology inside the helmets - the superior technology that sets apart our helmets from the rest of the field - was NOT affected by the lawsuit. ***Only the shell itself was affected.*** The redesigned ION and DNA helmets will continue to be major players in our company's future.

6) Schutt will continue to support and sell parts for all Schutt football helmets. For Riddell, or any other competitor, to say otherwise is using Fear, Uncertainty and Doubt (FUD) to try to scare customers in the marketplace.

7) The only statement in this Riddell rep's email that appears to be correct is "Each individual coach, school or organization may draw their own opinions." In light of the above, we're hoping that you do just that and decide to make your decisions based on the technology in the equipment and the honesty in which we do business.

The FUD expressed in this email is degrading to us, belittling to your intelligence and a smear on the entire industry. The tragedy is that there's little that can be done to prevent this type of "selling." Desperate and unscrupulous individuals or companies that resort to such tactics rarely tell you a complete lie. Instead, they produce a canny - and toxic - mix of truth, halftruths and lies.

"There are three types of lies: lies, damned lies and statistics," Mark Twain once remarked. Football didn't exist when he wrote that and neither did football helmets, but Twain could very well have been talking about the state of the football helmet industry today.

We all know that Riddell is losing the battle on the field so now they are resorting to a smear campaign. But we believe the marketplace will see through such tactics for what they are. And that you will make the right choice about who you want to do business with in the future.

The employees of Schutt want to thank you for your continued support and your trust and loyalty - especially during this time of transition.

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IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
Schutt Sports, Inc. *et al.*, *et al.*, Debtors.	Case No. 10-12795 (KJC) (Jointly Administered)
	Related Docket No. 179

CERTIFICATE OF SERVICE

I, Bruce Grohsgal, hereby certify that on the 14th day of October, 2010, I caused a copy of the following document(s) to be served on the individuals on the attached service list(s) in the manner indicated:

RIDDLE, INC.S' OBJECTION TO DEBTORS' MOTION TO HOLD RIDDLE, INC. IN CONTEMPT OF COURT FOR VIOLATION OF THE AUTOMATIC STAY

Bruce Grohsgal(DE. Bar No. 3583)

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