



Financial Recovery Law

We've Seen This Movie Before

By: Bill Gray. *This was posted Friday, October 22nd, 2010*

(First, a hat tip to colleague [Peter Pearl](#), who provided the spark for this post!) The [Roanoke Times](#) reports this morning that the locally-based movie rental chain Adventure Entertainment has [filed for Chapter 11 bankruptcy](#). The company has 28 [Movie Starz](#) video stores in the Roanoke Valley.

Just about a month ago, the nation's largest rental chain, [Blockbuster Entertainment](#), filed for bankruptcy. Blockbuster, like Adventure Entertainment, expects to reorganize and emerge as a leaner, less debt-ridden outfit after closing unprofitable stores and jettisoning some creditors. Will this work?

As [Virginia creditors rights lawyers](#), we've been to this particular movie before. [Movie Gallery](#) (aka Hollywood Video, with 2,000 stores between the two nameplates) has been in bankruptcy twice. Both times, they filed in the [U.S. Bankruptcy Court for the Eastern District of Virginia](#) located about a block from [our office](#). The first case was a reorganization, but the second turned into a full liquidation. As in all cases involving retail companies, landlords have needed help in protecting their interests, and now so will those renting to Movie Starz stores.

The [Wall Street Journal](#) has [reported](#), "Consumers now get most of their movies through vending machines operated by [Redbox](#), a unit of [Coinstar Inc.](#), and from mail-order and online streaming giant [Netflix Inc.](#) Consumers have also gravitated toward cable on-demand services and getting films and television shows through gadgets such as [Apple Inc.](#)'s iPod and iPad."

As much as we have liked taking our DVD movies home for a night in front of the electronic fireplace, it is clear that the retail video sector no longer has room for expansion in the bricks-and-mortar movie rental business. Retail strip landlords and developers may no longer want to count on these tenants as fixtures in their planogram, less they face watching the same movie one more time.

Where are you renting your movies now?

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