



# **MINORITY TEAM INVESTMENT** *Checklist*



# Minority Team Investment Checklist

With the rising value of teams, leagues are increasingly relaxing rules around minority team ownership. Owners are also eager to strategically include minority team owners in one of their limited numbers of ownership interests (typically 15-30). Below is a checklist for prospective minority team owners to consider:

## **PURCHASE PRICE**

- ☐ What is the price and percentage ownership?
- ☐ Is there a discount for celebrity influence, following, and ambassadorship?

## **MINORITY RIGHTS**

- ☐ What is the package of rights, if any?
- ☐ Are there financial rights?
- ☐ Is there access to board minutes?

## **TEAM SALE**

- ☐ Are there drag-along rights?
- ☐ Are there tag-along rights?



## **TEAM REVENUE**

- ☐ While it is typically an illiquid investment, do minority owners participate in revenue streams?

## **CAPITAL CALLS**

- ☐ What is the financial history of the team, and what is the recent history of capital calls?
- ☐ Is there dilution, or punitive dilution if minority team owners do not participate in capital calls?

## **OBLIGATIONS**

- ☐ What are the affirmative obligations of minority ownership?

## **DILIGENCE REQUESTS**

- ☐ What is the corporate organizational history?
- ☐ What is the history of distributions? Are their distributions for tax purposes?
- ☐ Is there any active litigation among owners?



*Thank You*

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