

Aaron, Tavares Set Up Sports-Focused Takeover Company (Update1)

By Danielle Sessa
Bloomberg.com

Oct. 1 (Bloomberg) -- Hall of Fame outfielder Hank Aaron and former quarterback Jack Kemp are among a roster of executives looking to buy a sports-related business through a financing plan that costs investors \$10 a shot.

Sports Properties Acquisition Corp. also lists Medallion Financial Corp.'s Andrew Murstein, former baseball executive Tony Tavares and one-time National Football League receiver Randel Vataha as officials, according to a filing with the U.S. Securities and Exchange Commission.

The New York-based company is a special-purpose acquisition company, or SPAC, which seeks to raise capital for a purchase it hasn't identified. Sports Properties wants to raise \$200 million in \$10 units.

"We compared sports franchises to taxi medallions, in there are only so many of them," Murstein said in an interview. "Both have been markedly appreciated assets over time."

Murstein's Medallion Financial, which provides loans to taxicab owners to buy license medallions, will own 18.1 percent of the shares and Tavares will have 1.1 percent. The other officers will hold less than 1 percent.

Each unit from Sports Properties will include one share and a warrant allowing the holder to purchase a second share for \$7.50.

Teams, Arenas

Besides teams, arenas, regional sports networks and fantasy sports Web sites, there are other areas the company would consider buying, Murstein said. He said he expects the offering to take place within 60 to 120 days.

Tavares, a former president of the Washington Nationals, declined to comment. Kemp, who played for the Buffalo Bills before becoming a U.S. congressman and secretary of Housing and Urban Development, and Vataha, of sports advisory firm Game Plan LLC, didn't immediately return calls. A call to Aaron was referred to Murstein.

This might be the first SPAC to focus on sports, said Mitchell Littman, a lawyer with Littman Krooks LLP, who advises on these types of so-called blank-check companies.

"I have always thought it was a good idea," Littman said. "It's a financing technique that allows an experienced management team to have a pool of resources to go out and find an acquisition."

Hicks Acquisition Co., run by Texas Rangers owner Tom Hicks, raised \$480 million last week in this year's largest initial public offering of a company set up to finance mergers and acquisitions. SPACs have raised \$5.5 billion in 39 offerings this year, compared with \$3.1 billion in 35 IPOs for all of 2006, according to Bloomberg data.

24-Month Window

Sports Properties is seeking to acquire a majority interest in a sports, entertainment or leisure company within 24 months from the date of the offering, according to the filing. If the company fails to identify and complete a purchase, shareholders get their money back.

Listed among the risks are rules or guidelines by Major League Baseball, the NFL, the National Basketball Association and the National Hockey League on franchise ownership. The NFL and NHL don't allow public companies to own teams, the NBA requires an individual to hold at least 15 percent of the club and MLB prefers an individual to have at least 90 percent of the voting interest.

Murstein failed in a bid last year to buy hockey's Pittsburgh Penguins. He assembled a group that included billionaire Mark Cuban and Hall-of-Fame quarterback Dan Marino.

Murstein also tried to purchase NASCAR team Robert Yates Racing earlier this year.

To contact the reporter on this story: Danielle Sessa in New York at dsessa@bloomberg.net

Last Updated: October 1, 2007 17:09 EDT