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# **Football – Funding and re-structuring in today's markets**

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**General Report**

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## 1. Introduction

Professional football is today a highly competitive international market with clubs from all around the world trying to win the major championships by bidding for the best football players available.

Unlike the professional US leagues the football system is in most countries not closed. There are neither salary caps<sup>1</sup> nor draft systems<sup>2</sup> for the best football players in order to keep the sporting and financial equilibrium in football. Thus, due to the competition between the football clubs the price which is paid for the best football players increases continuously.

As the financial revenues are closely linked to the sporting success, from a structural point of view, it is clear that not all football clubs can be successful both in sporting and financial terms. This has led to major financial problems for many football clubs during the last decade.

According to a recent study of the European Football Union more than 50% of the clubs in the highest leagues are in deficits.<sup>3</sup> It was reported in the newspapers that the total debt among the 20 Premier League clubs for the year 2008-09 was around £3.1 billion.<sup>4</sup> The same situation is also true for Italian and Spanish clubs.

## 2. Funding and re-structuring of professional football

Despite the existing financial problems there were, surprisingly, not very many bankruptcies among the professional football clubs.

Very often wealthy benefactors are keeping the clubs alive. In Italy for example Massimo Moratti is financing Internazionale Milano while his archrival Silvio Berlusconi is investing heavily in A.C. Milan. In the English Premier League, Chelsea’s massive spending was financed by Roman Abramovich and Manchester City’s spending by Sheikh Mansour bin Zayed bin Sultan Al Nahyan.

Some other football clubs financed themselves on the stock market by selling their shares to fans and supporters. Even leveraged buy-outs were used to finance the football clubs.<sup>5</sup> Other football clubs sold their stadium or at least the naming

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<sup>1</sup> A salary cap is an agreement or a rule that places a limit on the amount of money that a sporting club can spend on player salaries.

<sup>2</sup> A draft system is a process used to allocate the players to the clubs. The clubs usually take turns selecting from a pool of eligible players. When a team selects a player, the team receives exclusive rights to sign that player to a contract, and no other team in the league may sign the player.

<sup>3</sup> 2012 UEFA Licensing Report; for more information see [www.uefa.com](http://www.uefa.com).

<sup>4</sup> The Guardian, 3 June 2009.

<sup>5</sup> Manchester United was bought by a leveraged buy-out by the Glazer family in 2005.

rights for their stadium to investors in order to get the necessary financial means.<sup>6</sup> Another way to finance the football clubs was by the way of third party ownerships, i.e. the (partial) sale of the economic rights of the players to investors.<sup>7</sup>

All these ways of financing the football clubs did not solve the financial problems. Some of them even caused new problems. Selling the shares to fans and supporters can only be done once.<sup>8</sup> Leveraged buy-outs cause heavy debts for the football clubs.<sup>9</sup> The sale of the stadium or its naming rights prevents future revenues. Third party ownerships could possibly influence the sporting competition.<sup>10</sup>

Because of this situation UEFA has developed the Financial Fairplay Programme, i.e. a club licensing system which limits the excessive expenditures of European football clubs.<sup>11</sup> Therefore, a new economic and sporting balance should be established within the European football clubs.

### 3. Objectives

The subject of this General Report is research into the funding and re-structuring of the professional football clubs, i.e. the football clubs of the highest league in the respective country. Based on the economic and legal tendencies around the world it should be possible to evaluate UEFA’s Financial Fairplay regulations and draw conclusions for the further development of world wide football.

The national reports will lay out the basis for this work by examining the legal restrictions of the national football authorities as well as the national government and show illustrative examples of the funding and re-structuring of professional football clubs. Furthermore, they will lay out the basis for the Workshop at the Buenos Aires Conference.

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<sup>6</sup> In 2002 the German Bundesliga club Schalke 04 sold a part of the revenues from its spectators for the next 24 years to investors in order to get over its financial difficulties.

<sup>7</sup> Very famous is the Brazilian Media Sport Investment Fund and the cases of Carlòs Tevez and Javier Mascherano. Pursuant to such examples in Germany even publicly traded funds emerged; see for example [www.fussballkontor.de](http://www.fussballkontor.de).

<sup>8</sup> E.g. After having spent the revenues from the public offering the Swiss Grasshoppers Club Zurich was bought by private investors and delisted again.

<sup>9</sup> Allegedly Manchester United has paid debts and legal fees of over GBP 300 millions since the leveraged buy out in 2005.

<sup>10</sup> This is why FIFA restricted third party ownerships in their regulations; see art. 18<sup>bis</sup> Regulations on the Transfer and the Status of Players; for more information see [www.fifa.org](http://www.fifa.org).

<sup>11</sup> [http://www.uefa.com/MultimediaFiles/Download/Tech/uefaorg/General/01/50/09/12/1500912\\_download.pdf](http://www.uefa.com/MultimediaFiles/Download/Tech/uefaorg/General/01/50/09/12/1500912_download.pdf).

#### 4. Questions

*Organisation of the Professional football clubs:*

1. In which legal form are the professional football clubs in your country organized?
2. Please describe in general the ownership structure of the professional football clubs in your country?
3. Are there any restrictions to the legal form and/or the ownership structure of the professional football clubs in your country and if so what are they?

*Funding of the professional football clubs:*

4. What are the annual turnovers of the professional football clubs in your country (range)?
5. Please describe in general how the professional football clubs are funded and how eventual deficits are being dealt with?
6. Are there any professional football clubs publicly listed on the stock market?
  - a. Are there, apart from the general rules for the listings on the stock market any special legal rules which have to be obeyed in this regard?
  - b. Please evaluate how the listings on the stock market financially aided the football clubs?
7. What is the role of wealthy benefactors in professional football clubs?
  - a. Are there any special legal rules which have to be obeyed with regards to this?
  - b. Please describe how wealthy benefactors legally finance football in your country?
8. What role do third party ownerships play in your country?
  - a. Are there any special legal rules which have to be obeyed in this regard?
  - b. Please describe how third party ownerships are legally constructed in your country?

*Re-structuring of the Professional football clubs:*

9. Please describe the general financial situation of the professional football clubs in your country?
10. Please describe the ways in which the professional football clubs in your country who are having financial difficulties are surviving? Were there any
  - a. public offerings,

- b. going private,
  - c. leveraged buy-outs,
  - d. wealthy benefactors,
  - e. third party ownership structures, and/or
  - f. other means implemented to help these clubs out of their financial struggles
11. Have there been any bankruptcies within the past few years in the highest professional football league in your country? Please describe how the bankruptcy was handled and what the sporting consequences for the championship were.

*Law and sporting rules: UEFA’s Financial Fairplay Regulations:*

12. Please describe in general the relationship between the law and the sporting rules? Are sporting rules exempt from the law?
13. Do you think the UEFA Financial Fairplay regulations are in conflict with the laws of your country?
14. Please describe the general impact the UEFA Financial Fairplay regulations will have in your country?
15. Please list the positive and negative aspects of the UEFA Financial Fairplay regulations?
16. Do you think other means would be more effective, if yes which ones?

## **5. National Reports**

In total eight National Reports were handed in. All of them were of a very high quality showing the competence of the chosen National Reporters.

In these National Reports nine countries were covered, i.e. Argentina, Brazil, Canada, France, Germany, Japan, Poland, Sweden and the United States of America.

Hence, this General Report covers – including my personal knowledge of the situation in Switzerland – ten jurisdictions in four continents.

The General Report is, thus, able to give a good picture of the situation for the funding and re-structuring of football clubs all over the world.

## 6. Findings of the National Reports

### 6.1 Organization of the football clubs

#### 6.1.1 Legal Form

The legal form of the football clubs depends firstly on the sports system in the respective country. Worldwide two major systems can be observed:

- The US-American system of sports is structured with single, limited liability companies (“single-entities”) where the club operators simply own a financial stake in the entire sports league (“franchise”). The leagues are closed systems.<sup>12</sup>
- The European and the South American system of sports are built of separate independent clubs that compete not only in sports but also economically with each other (“European system of sports”). The football clubs can be promoted to a higher league or relegated to a lower league depending on the sporting success.<sup>13</sup> The leagues are open.

In the single entity system the professional football clubs of the leagues are either no independent legal entities (i.e. a part of the league as such) or they are corporations that form the entire professional league.

In the European system of sport, football clubs were traditionally organized as some kind of nonprofit associations. This is generally still the case in amateur football and even in professional football in South America.<sup>14</sup> However, there seems to be a worldwide tendency that the traditional legal form of the association is being changed into the more commercial legal form of a joint stock company. This gives the football clubs additional ways to raise the necessary capital. Such change of the legal form is often accompanied with special legal rules for the clubs.<sup>15</sup>

Sometimes there are also hybrid forms between associations and joint stock companies. In Sweden, Switzerland and Germany the so called “50+1 Rule” is applicable which foresees that the joint stock company (in which the professional football is organized) has to be owned primarily by an association.

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<sup>12</sup> The single-entity system is used in the US-American/Canadian Major League Soccer as well as in the Japanese J-League.

<sup>13</sup> The European and South American system of sports is used in Argentina, Brazil, France, Germany, Poland, Sweden and Switzerland.

<sup>14</sup> Argentina and Brazil.

<sup>15</sup> France and Sweden.

### 6.1.2 Ownership structure

In the countries where the professional football clubs are still organized as nonprofit associations the club members are essentially the residual owners.<sup>16</sup> In the other countries the professional football clubs are mostly owned by investors, sponsors and/or wealthy benefactors.<sup>17</sup> In countries which practice the 50+1 Rule, the ownership is mixed between nonprofit associations and private investors.

### 6.1.3 Restrictions of the ownership

The 50+1 Rule notwithstanding, special restrictions in other countries for the ownership of professional football clubs also exist. In Japan for example the clubs need to be primarily owned by a domestic company and/or person. In Brazil and France there exist special rules to prevent conflicts of interest (i) between the ownership of different clubs and (ii) between a manager and another professional club.<sup>18</sup>

Apart from the ownership restrictions, special licensing requirements exist in many countries. The professional football clubs need to demonstrate a healthy financial status before the season starts.

## 6.2 Funding of the professional football clubs

### 6.2.1 Annual turnover of the football clubs

The financial power of the reviewed leagues varied considerably and depended predominantly on the overall economic power of the market of that country. While the clubs in Germany have an average turnover of about EUR 100 mio, the clubs in Poland have only an average turnover of about EUR 6 mio.

It is furthermore quite surprising that in the same leagues the average turnovers of the various clubs differ substantially: The club with the highest turnover often has ten times the turnover of the club with the lowest turnover.<sup>19</sup> The economic balance and therewith also the sporting balance<sup>20</sup> are consequently, at least in the European system of sports, hardly ever given.<sup>21</sup>

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<sup>16</sup> Argentina and Brazil.

<sup>17</sup> France, Poland and Japan.

<sup>18</sup> Art. 27 of the Brazilian Pele law and art. L 122-7 French code du sport.

<sup>19</sup> While F.C. Bayern Munich has an annual budget of EUR 358.4 mio. the financially weakest clubs of the Bundesliga have just a turnover of about EUR 30 mio. (season 11/12).

<sup>20</sup> There is a strong correlation between the economic and sporting balance; see National Report of France, p. 27.

<sup>21</sup> It seems as if the financial balance between the different football teams is in the single-entity system much better than in the European system of sports. However, based on the National Reports this question can not be answered conclusively as there is at least between the football

### 6.2.2 Funding of the football clubs in general

The funding of football clubs is crucial as there is a strong correlation between the available funds and the final classification in the championship.<sup>22</sup> Long lasting sporting success is, thus, only possible if the football clubs are able to secure adequate funding.

Since the 1980's the funding of the football clubs became mostly dependent on the sale of the TV rights.<sup>23</sup> In many clubs the income from the TV rights exceeds 50%. Apart of the TV rights the football clubs are financed by the revenues from the football games (ticket sales and catering), by merchandising and by sponsors.

Certain football clubs – in particular football clubs in leagues with less financial power such as in Poland, Sweden or Switzerland – specialize in creating revenues from the transfer of young football players. Other football clubs create a lot of revenues also from the participation in international competitions such as the Champions League.

### 6.2.3 Function of the listing on the stock market

During the years 2000 to 2010 in many countries football clubs sold their shares publicly to investors on the stock market.<sup>24</sup> While the shares were often sold quite successfully, the development of the share price was in almost all cases utterly devastating. The shareholders lost almost all their money.

These experiences with the sale of shares on the stock market show that, at least in the European system of sports, it is currently not really possible to successfully conduct professional football clubs for the shareholders. The sale of shares on the stock market to fans and investors is rather a measure to secure additional financing for the professional football clubs, without returning anything to the shareholders.

### 6.2.4 Function of wealthy benefactors

Wealthy benefactors play a very important role in the financing of football clubs all over the world. In the single-entity sport systems the owner of the clubs, i.e. the owner of the franchise, can be considered as wealthy benefactors who finance the clubs. In the European system of sports wealthy benefactors are often the presidents of the football club and personally invest large sums of money or cover at least the deficit at the end of the season. There are many examples in particular in France, Germany and Switzerland. For many clubs this is the only possibility in

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clubs in the Japanese J-League also a very big gap in regard of the revenues; see National Report of Japan, p. 4.

<sup>22</sup> National Report of France, p. 27.

<sup>23</sup> For a comprehensive overview of the development of the funding of the football clubs see National Report of France, p. 15.

<sup>24</sup> France, Germany, Poland, Sweden and Switzerland.



which to sustain their professional team. This is even the case in those countries that know the 50+1 Rule.

Only in the Japanese J-League wealthy benefactors do not play any important role as the football clubs are usually owned by the companies sponsoring the football clubs.

#### 6.2.5 Function of third-party ownerships

Third-party ownerships, i.e. the ownership of the transfer rights of players, is in certain countries another very important way to finance football.

This is in particular the case in Brazil where the economic rights of a player are legally differentiated from the federative rights of a player.<sup>25</sup> While the federative rights of a player need to be owned by a club, the economic rights can be owned by third-parties.<sup>26</sup> The owner of the economic rights thus loans the player for a certain time to a football club and profits thereafter from the higher transfer fee being paid for the player if the player improved his skills during that time. There were even investment funds that specialized themselves in investing into football players and fully financed the players for the football clubs.<sup>27</sup>

Similar third-party ownership structures exist in Sweden where venture capital companies invest in purchasing football players and then leasing them to the football clubs. Even though theoretically only the football club is allowed to transfer the player, the venture capital companies purchase a participating debenture with the same amount as the amount the football club has paid for the football player. In that way the venture indirectly owns the football player.<sup>28</sup>

There are however certain countries such as Poland and France that completely prohibit third-party ownerships. Furthermore, the single-entity leagues do not have any third-party ownerships.<sup>29</sup>

Unfortunately, third-party ownerships are likely to be abused for money laundering.<sup>30</sup> In this regard the FIFA Regulations<sup>31</sup> not only make sense to maintain the sporting independence of the different football clubs but also to prevent money laundering.

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<sup>25</sup> Art. 27B Pele Law.

<sup>26</sup> A very famous example is the Brazilian football player Neymar. His federative rights belong completely to his club, Santos Futebol Clube. His economic rights are split between Santos Futebol Clube (50%) on the one hand and the third-party investors, Group Probe (40%) and TEISA (10%).

<sup>27</sup> For more details see National Report of Brazil, p. 7 s.

<sup>28</sup> For more details see National Report of Sweden, p. 7.

<sup>29</sup> Canada, Japan and USA.

<sup>30</sup> For more details see National Report of Brazil, p. 7.

<sup>31</sup> Art. 18<sup>bis</sup> Regulations on the Transfer and the Status of Players.

### 6.3 Re-structuring of the professional football clubs

#### 6.3.1 Financial situation of football clubs in general

The financial situation of football clubs is generally not great. This is particularly the case in smaller leagues such as the ones in Poland, Switzerland and Sweden, but also in bigger leagues such as the ones in France and Japan.<sup>32</sup> In South America the financial situation of the football clubs seems to be even worrying.<sup>33</sup>

At least it seems unattainable for football clubs to generate a long term value for its shareholders. Obviously, the sporting pressure to invest all available means is too high to create any significant returns for shareholders.

Only in a few countries such as Germany and Canada/USA the financial situation of the football clubs is considered positive.

However, even in those countries where the financial situation of the football clubs is not considered as very good, the National Reporters outlined the benefits of the club licensing system which is at least in place in France, Germany, Sweden and Switzerland.

#### 6.3.2 Survival of football clubs suffering financial problems

In certain countries such as Argentina, Brazil, Sweden and Switzerland the football clubs help themselves out of their financial struggles by selling third-party ownership rights.

In other countries football clubs need to apply for subsidies from the local communities to survive their financial struggles.<sup>34</sup> In Brazil it is even discussed whether all the football clubs shall be relieved of their debts by an amnesty law.<sup>35</sup>

Those clubs which are incorporated as joint stock companies mostly depend on their shareholders when financial difficulties arise. However, it appears to be becoming increasingly difficult to find investors for these shares.

For all these reasons in many countries only wealthy benefactors are able to pull football clubs out of their financial difficulties.

Alternatives only exist in the single-entity leagues. In Japan for example there is a special fund for the stabilization of the game and the possibility for cost cutting measures such as releasing or trading highly paid players.<sup>36</sup> In the North American MLS the football players are forced to contract centrally with the league which

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<sup>32</sup> Even though the French clubs reported a deficit of EUR 107 millions the French National Report outlined the fact that clubs of other European leagues are far more indebted; see p. 19 s.

<sup>33</sup> Argentina and Brazil.

<sup>34</sup> In Poland football clubs often receives direct help or at least loans from the local communities.

<sup>35</sup> National Report of Brazil, p. 10.

<sup>36</sup> National Report of Japan, p. 5.

prevents the constant increase of salaries due to the competition between the football clubs.<sup>37</sup>

### 6.3.3 Bankruptcies of football clubs

Given the generally bad financial situation of the football clubs it is rather surprising that there were not many bankruptcies of football clubs. Obviously, it is often possible to save the football clubs in the very last minute by one of the financing mechanisms mentioned above. In Brazil, Germany and Poland no bankruptcy has been filed so far.

In France, Switzerland and Sweden only one or two clubs went bankrupt. As there were no special rules for these cases the bankruptcies had an impact on the sporting championships and the clubs were relegated to lower leagues.

Only in Argentina several clubs went into bankruptcy. Subsequently, a law was introduced providing the formation of a management trust with judicial control over the football club, allowing the club to finish the championship.<sup>38</sup>

Contrary to the situation in the European system of sports, in the single-entity leagues there were no bankruptcies of football clubs at all. However, when football clubs were suffering financial difficulties and could not attract as many spectators and sponsors as expected, the teams were withdrawn before the season.<sup>39</sup> Such a solution is clearly much better for the sports league as the sporting competition is not influenced by the bankruptcy.

## 6.4 Law and sporting rules: UEFA’s Financial Fairplay Regulations

### 6.4.1 Relationship between law and sporting rules

During the seventies one Swiss professor introduced the theory that the core sporting rules are exempt from the law.<sup>40</sup> This theory influenced the sporting jurisdiction not only in Switzerland but also in the neighboring countries by excluding sporting matters from the ordinary legal review. However, in the meantime this theory seems to have lost its relevancy.

The National Reporters came to the conclusion that in their countries the sporting rules are not exempt from the law even though the sporting rules are of course created based on the (constitutional) autonomy of the football associations. All manner of sporting rules are in particular subject to competition lawsuits.

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<sup>37</sup> National Report of Canada, p. 7.

<sup>38</sup> Law No. 25.284; National Report of Argentina, p. 5.

<sup>39</sup> National Report of Canada, p. 7.

<sup>40</sup> Max Kummer, *Spielregel oder Rechtsregel*, 1973.

Furthermore, sporting rules may also be subjected to labor, trademark, copyright or broadcasting legislation as well as the law of contracts.

However, when applying the law the jurisprudence often takes into account the special situation in sports. For this reason in certain countries such as Argentina, France, Poland and Brazil special sports laws were created to take into account the peculiarities of sports. Other countries such as Canada introduced special rules for sports into its competition law act.

#### 6.4.2 Lawfulness of UEFA’s Financial Fairplay Regulations

The UEFA Financial Fairplay Regulations were created by UEFA’s president Michel Platini with the goal to improve the economic and financial capability of clubs. According to these regulations the football clubs are held to operate only on the basis of their revenues.<sup>41</sup> The football clubs need to show in advance that their revenues and their expenses break-even.<sup>42</sup> Therefore, UEFA is trying to achieve more competitive balance between the clubs by indirectly constraining the wages of the players.

Even though many National Reporters are of the opinion that the UEFA Financial Fairplay Regulations are not in conflict with the laws of their country<sup>43</sup> there are some National Reporters that are taking the matter quite seriously.

In Canada it is likely that the UEFA Financial Fairplay Regulations are permitted under the Competition Act even though the UEFA Financial Fairplay Regulations could be considered as an agreement that is broader than necessary to achieve a competitive balance.<sup>44</sup> In Brazil it would be very likely that the UEFA Financial Fairplay Regulations would be challenged as they seem to violate the free market between companies.<sup>45</sup>

#### 6.4.3 Impact of UEFA’s Financial Fairplay Regulations

In most countries it is being expected that the UEFA Financial Fairplay Regulations will in the end reduce the debts of the football clubs. In keeping with this more financial discipline and rationality should be applied. This goal will primarily be achieved by reducing the salaries of the players and transfer payments.<sup>46</sup>

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<sup>41</sup> Art. 2 UEFA Financial Fairplay Regulations.

<sup>42</sup> Art. 58 UEFA Financial Fairplay Regulations.

<sup>43</sup> France, Germany, Japan, Sweden and Poland,

<sup>44</sup> National Report of Canada, p. 9.

<sup>45</sup> National Report of Brazil, p. 14.

<sup>46</sup> National Report of Sweden, p. 11;

However, countries in which a licensing system was already in place expect that the changing will not be too dramatic but would help to create on the European level a much better economic balance between the football clubs.<sup>47</sup>

Of course there will be no effect of the UEFA Financial Fairplay Regulations in those countries which have a single entity system.

#### 6.4.4 Advantages and disadvantages of UEFA’s Financial Fairplay Regulations

The National Reports mostly agree that the main goal of the UEFA Financial Fairplay Regulations – the reduction of excessive spending in particular for the players’ salaries – will be reached.<sup>48</sup>

Disadvantages seem to be higher administrative costs<sup>49</sup> as well as the fact that (small) clubs which do not traditionally have big sources of revenues will never be able to invest as much as necessary to reach the sporting top.<sup>50</sup> The hierarchy of the football clubs will be consolidated and the leagues become more closed.

Furthermore, the fact that there have not been many bankruptcies among football clubs proves that in the end enough financial means could be found for the financing of the football clubs. This means that the UEFA Financial Fairplay Regulations are not really necessary. The UEFA Financial Fairplay Regulations will, hence, lead to a reduction of the spending of wealthy benefactors and third-party ownerships.<sup>51</sup> It might therefore even be possible that the introduction of the UEFA Financial Fairplay Regulations will make it finally possible for the owners of football clubs to achieve a certain profit from their investments. This could well be a turning point for the future value of the shares listed on the stock market.

#### 6.4.5 Future development of the funding of football clubs

As long as the football clubs are operating in open leagues in the European system of sports there do not seem to be many possibilities to improve the funding of the football clubs. The competition between the football clubs to get the best football players continues and therewith the spending increases. The proposals for the further development of the football clubs therefore all go in the direction of closed leagues similar to the single-entity system.

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<sup>47</sup> The UEFA Financial Fairplay Regulations were in particular very welcomed in France where clubs are hoping to be able to finally compete economically and therewith also in sports with other European top clubs; see National Report of France, p. 19 ss.

<sup>48</sup> National Report of France, p. 23 s.; National Report of Canada, p. 10 s.; National Report of Poland, p. 5.

<sup>49</sup> National Report of Sweden, p. 11.

<sup>50</sup> National Report of Canada, p. 11 ; National Report of Germany, p. 14; National Report of Poland, p. 5 s.

<sup>51</sup> National Report of France, p. 23 ss.; National Report of Japan, p. 6.

Interesting proposals include the introduction of a salary cap or an overall restriction of the amount spent per clubs.<sup>52</sup> Very thought provoking is also the proposal in the Canadian National Report to introduce a luxury tax which would need to be paid by overspending football clubs to the development of younger players of other clubs.<sup>53</sup> Economically, this is rather similar to the training compensation which needs to be paid for players under 23 years.<sup>54</sup>

As outlined above and in comparison to normal enterprises, the sporting competition was in the past rarely influenced by bankruptcies of football clubs, which rarely occurred. Instead of concentrating on the amount of money which is spent by wealthy benefactors it could, therefore, be much more important to concentrate on the problems of the football clubs regarding money laundering and corruption. The fight of the football associations should, hence, be rather directed to restoring the public’s faith through transparent and accountable soccer governance.<sup>55</sup>

Wealthy benefactors are – as long as football clubs are not used as money laundering machines – not evil. They are traditionally a very important factor in professional football and helped significantly to develop football clubs. The protection of the finances of the wealthy benefactors who are often using football clubs as their personal hobby is, thus, not really necessary. They are taking their investing decisions completely on their own. In the end it is, therefore, a question of how the residual income is distributed. With the UEFA Financial Fairplay Regulations, the profits seem to shift quite significantly away from the football players and towards the owners of the football clubs.

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<sup>52</sup> National Report of France, p. 28; National Report of Poland, p. 6; National Report of Canada, p. 12.

<sup>53</sup> National Report of Canada, p. 12.

<sup>54</sup> Art. 20 s. FIFA Regulations on the Status and Transfer of Players.

<sup>55</sup> National Report of Canada, p. 11.