

Upstart Football League Files For Ch. 7 After Abrupt Shutdown

By **Hailey Konnath**

Law360 (April 17, 2019, 11:22 PM EDT) -- The Alliance of American Football has officially thrown in the towel, the fledgling football league announced Wednesday.

The AAF, which suddenly halted operations two weeks ago, filed for Chapter 7 bankruptcy in U.S. Bankruptcy Court for the Western District of Texas on Wednesday, according to court filings. The league said in a statement that it was "deeply disappointed" to be starting the process of liquidation.

According to the AAF's 269-page petition filed Wednesday, the league has \$11.3 million in assets, \$48.3 million in liabilities and about \$536,000 in actual cash. The league expects funds to be available for unsecured creditors, it said.

Notably, the AAF owes MGM Resorts International Operations Inc. \$7 million, CBS Television Network \$5.2 million and Arizona State University more than \$1.2 million, according to the petition.

"Our fans believed in the AAF from the beginning, and we thank them for their support," the league said. "We are hopeful that our players, coaches and others will find opportunities to pursue their football dreams in the future."

The bankruptcy comes on the heels of a proposed class action filed last week by an executive with one of the AAF's teams, alleging the league violated the Worker Adjustment and Retraining Notification Act when it abruptly fired about 100 employees without giving them the 60-day notice required by the law in the event of a mass layoff.

The league said in Wednesday's statement that a trustee will be appointed to "resolve all matters related to the AAF's remaining assets and liabilities, including ongoing matters related to player contracts."

Bill Polian, former general manager of the Indianapolis Colts and the Buffalo Bills, and producer-director Charlie Ebersol founded the league in 2018, and it kicked off its first season this February, according to court filings. Eight "centrally owned and operated teams" competed in the league, according to executive James Earnest Roberson Jr.'s complaint.

Controlling owner Tom Dundon pulled the plug on the league April 2. The timing of his shuttering shocked employees and players, who'd been gearing up for the last few weeks of play in the season,

Roberson said in the complaint. It even surprised Polian, who said in a statement shortly after the news broke that he was "extremely disappointed" in the decision.

When Dundon took over the league it was assumed that "we would finish the season, pay our creditors and make the necessary adjustments to move forward," Polian said at the time.

The general failure of the league was less surprising, given the track record of similar alternative football leagues that have tried and failed to gain traction with sports fans in the last few decades.

But the league had a slew of big names in sports and entertainment backing it, according to a more than 1,100-page list of creditors filed with its bankruptcy petition Wednesday. Those included Fox Sports Properties, Cox Enterprises Inc., the Arizona Cardinals and Arizona Diamondbacks.

"The AAF was created to be a dynamic, developmental professional football league powered by an unprecedented alliance between players, fans and the game," the league said in Wednesday's statement. "The AAF strove to create new opportunities for talented players, coaches, executives and officials while providing an exciting experience for fans. We are proud of the fact that our teams and players delivered on that goal."

The AAF is represented by William A. Wood III of Bracewell LLP.

The case is In re Legendary Field Exhibitions, LLC, case number unknown, in the U.S. Bankruptcy Court for the Western District of Texas.

--Additional reporting by Ryan Boysen.