
Franchise White Paper

Empowering Fans to Own and Manage Professional Sports Franchises

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Abstract

The sports industry is dominated by billionaire owners whose decisions often lead to decades of mediocrity, leaving fans frustrated and disconnected. Franchise introduces a revolutionary cryptocurrency built on the Polygon blockchain, designed to democratize sports franchise ownership. Through the Franchise Token (F), holders gain voting rights in the potential acquisition and management of professional sports teams across leagues like the NFL, NBA, NHL, MLB, MLS, Premier League, and LIV Golf. Our long-term vision is to acquire a portfolio of franchises, funded by token sales, and empower a global community to make major management and player decisions. This white paper outlines the problem, our decentralized solution, tokenomics, phased roadmap, and the ambitious yet transformative potential of Franchise.

Problem Statement

Professional sports franchises are often mismanaged by wealthy owners who prioritize personal agendas over team success, resulting in poor personnel decisions and prolonged mediocrity. Fans—loyal, passionate, and invested—have no say in the direction of their teams. Why cheer for an organization run by someone else when you could own a piece of it and manage it yourself? The current model of sports ownership excludes the very communities that sustain it, leaving fans as mere spectators rather than stakeholders. Franchise asks: What if fans could collectively acquire and manage teams through a central organization or figure and turn their passion into power?

The Franchise Solution

Franchise leverages blockchain technology and the Franchise Token (F) to crowdsource the acquisition and management of professional sports franchises. Built on Polygon—a scalable, low-cost layer-2 solution for Ethereum—Franchise offers a decentralized platform where token holders will vote pro rata on critical decisions, from franchise purchases to player trades. Our unique selling point is radical: we aim to shift sports ownership from the hands of a few billionaires to a global community of fans, blending the excitement of sports with the empowerment of decentralized governance.

Technical Details

Blockchain Infrastructure

Franchise operates on the Polygon blockchain, chosen for its high throughput, low transaction fees, and compatibility with Ethereum's ecosystem. This ensures scalable voting and token transactions. In the future, if additional features beyond Polygon's capabilities are required (e.g., custom governance mechanisms), Franchise may migrate to its own blockchain.

Token Specifications

- Token Name: Franchise Token (F)
- Initial Supply: 5,000,000,000 F
- Maximum Supply: 50,000,000,000 F (additional minting to support operations and acquisition efforts)
- Initial Value: \$1.00 per F in March 3, 2025 presale to public. Subsequent supply expected to be released in combination of unrestricted public sales and through exchanges.
- Transaction Tax: 7.7% (770 basis points). The proceeds from the tax will compensate the development team and operations efforts until project revenue is able to independently sustain the project.

Governance

F holders receive voting rights proportional to their token ownership. Votes will cover all major decisions, including franchise acquisitions, management hires, and player

transactions. The vision is that franchise moves will be narrowed down to a range of options with F holders able to vote on the best pathway for a franchise to move forward. This will give holders a voice on how a franchise operates and power to have some control over the decisions guiding a franchise. A mobile app is planned to streamline voting and enhance accessibility.

Token Utility

The Franchise Token (F) is the backbone of the ecosystem:

1. Ownership Stake: Tokens represent a share in the community's effort to acquire sports franchises.
 2. Voting Power: Holders vote pro rata on key decisions, including the hiring and termination of management positions, coaches, players acquisition and dispositions as well as other roster moves.
 3. Profit Distribution: If franchises generate profits beyond operational costs, the plan is for proceeds to be distributed pro rata to individual token holders. Unlike meme coins driven by hype and no utility, F's value lies in its potential to unlock tangible ownership and influence in the multi-billion-dollar sports industry.
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Project Phases

Franchise will unfold in four distinct phases:

1. Fundraising Phase
 - Goal: Raise capital through F sales to fund franchise acquisitions.
 - Initial token supply (5B F) targets \$5 billion, reflecting initial estimations of capital needed for acquisition efforts with major sports leagues and initial operations until project viability.
2. Franchise Acquisition Phase
 - Target leagues: NFL, NBA, NHL, MLB, MLS, Premier League, LIV Golf and TGL.
 - Community votes on acquisition targets, with net proceeds from token sales deployed strategically.

3. Franchise Management Phase

- Token holders vote on major decisions (e.g., management and coaching hires, drafting and player acquisitions and trades).
- In the long-term, the goal is for the revenue generated by any franchise acquisitions to potentially reduce the 7.7% tax and to return the tax to the community of token holders.

4. Exit Phase

- Options include maintaining ownership, selling franchises, or expanding the portfolio.
- Community decides the exit strategy via vote.

Tokenomics

- Total Initial Circulation: 5,000,000,000 F at \$1.00 each, raising \$5 billion for acquisitions.
- Tax Mechanism: 7.7% per transaction, funding operations and development (e.g., developer compensation, app creation, legal compliance and other expenses until acquired franchise(s) can fund operations).
- Minting Cap: 50,000,000,000 F; additional tokens minted only with majority approval and at a price determined by existing F holders with a purchase option of future rounds initially limited to existing F holders. The vision is for additional tokens to be minted to fund future franchise acquisitions. In the event that the price of future minting rounds increases, early adopters will be rewarded with increased value of their F tokens as well as the early opportunity to purchase additional tokens prior to sale to non-F holders.
- Profit Sharing: Excess franchise revenue distributed to F holders after operational costs after acquisition and operation of acquired franchise.

The tax may decrease as franchise revenue grows, helping sustainability in initial stages of the project and fueling future growth.

Market Analysis

Target Audience

- Sports fans frustrated with traditional ownership and management models.
- Crypto enthusiasts seeking utility-driven tokens.
- Technologists interested in innovative, community-led projects.

Competitive Landscape

While projects like Socios offer fan tokens for engagement, Franchise goes further by aiming for full ownership and management control. No other cryptocurrency project targets the acquisition and community management of billion-dollar sports franchises, making Franchise a pioneer in this space.

Risks and Considerations

This project is ambitious and carries significant risks of complete loss:

- **Capital Requirements:** Acquiring a sports franchise requires billions, and fundraising may fall short.
- **Regulatory Hurdles:** Sports leagues and governments may impose barriers to crowd-sourced ownership. Several major sports leagues in the United States have prohibitions that effectively prevent crowdsourcing for ownership, though the rules are not always explicitly phrased as a ban on crowdsourcing. These restrictions stem from league constitutions and bylaws designed to maintain control over who can own teams, limit the number of owners, and prioritize private, for-profit ownership models. These restrictions pose a major hurdle to the viability of Franchise. However, as sports franchise valuation gets higher and higher, it is believed that new ownership models will become a necessity for existing ownership to maximize returns on their sale of a given franchise. A breakdown for some of the major sports leagues and explanation of why these restrictions are in place follows:
 - **National Football League (NFL)**
 - The NFL has some of the strictest ownership rules among major sports leagues, which effectively prohibit crowdsourcing for ownership:
 - **Ownership Limits:** The NFL forbids ownership groups larger than 24 individuals, and one principal owner must hold at least a 30% stake. This caps the number of stakeholders and ensures a single, wealthy individual or family retains control.

- **No Public Ownership:** The league explicitly bans publicly traded corporations or nonprofits from owning teams, with the notable exception of the Green Bay Packers. The Packers' fan-owned, nonprofit structure (over 350,000 shareholders) predates the rule and is grandfathered in, but the NFL has since written prohibitions into its constitution to prevent similar models. Crowdsourcing, which could involve hundreds or thousands of small investors, clashes with this framework.
 - **Recent Shift:** In August 2024, the NFL relaxed its stance slightly, allowing approved private equity firms (e.g., Ares Management, Arctos Partners) to buy up to 10% stakes in teams. However, this is limited to institutional investors, not the general public, so crowdsourcing remains off the table.
- **Major League Baseball (MLB)**
 - MLB doesn't explicitly ban crowdsourcing, but its rules make it impractical:
 - **Private Ownership Preference:** MLB historically prohibits anything but private, for-profit ownership. For example, when Joan Kroc tried to donate the San Diego Padres to the city of San Diego in 1984, an owners' committee blocked it, reinforcing the league's stance against public or nonprofit models.
 - **Ownership Approval:** All ownership changes require approval from a majority of MLB owners, who tend to favor wealthy individuals or small groups. A crowdsourced model with many small investors would likely face scrutiny and rejection due to administrative complexity and perceived instability.
 - **Private Equity Shift:** Since 2019, MLB has allowed private equity funds to buy minority stakes (up to 30%), but this applies to large institutional investors, not a broad public crowdfunding effort.
- **National Basketball Association (NBA)**
 - The NBA's rules indirectly discourage crowdsourcing:
 - **Ownership Restrictions:** Like other leagues, the NBA requires a principal owner with a significant stake (typically 15-30%) and limits the total number of owners in a group. While the exact cap isn't public, the league's structure favors

small, manageable ownership groups over a diffuse, crowdsourced base.

- Public Trading Exception: Some NBA teams (e.g., the New York Knicks via Madison Square Garden Sports Corp.) are part of publicly traded companies, allowing fans to buy shares indirectly. However, this isn't true crowdsourcing—it's a corporate model where control remains centralized, not a direct fan-ownership initiative.
- Institutional Investment: The NBA has recently allowed private equity and sovereign wealth funds to buy minority stakes, but this is restricted to vetted, high-net-worth entities, not the public at large.
- National Hockey League (NHL)
 - The NHL's stance is similar to MLB and the NBA:
 - Private Ownership: The league mandates private ownership and requires a controlling owner with a substantial stake. There's no explicit cap on the number of owners, but the approval process by the Board of Governors prioritizes simplicity and financial stability, making a crowdsourced model unlikely to pass muster.
 - No Precedent: Unlike the NFL's Packers exception, the NHL has no history of fan-owned teams, and its rules don't accommodate widespread public investment.
- Major League Soccer (MLS)
 - MLS is a bit of an outlier due to its unique structure, but it still restricts crowdsourcing:
 - Single-Entity Model: MLS operates as a single entity where the league owns all teams, and "investor-operators" manage them. This centralized control limits direct ownership by individuals or groups, let alone a crowd of small investors.
 - Investor Rules: While MLS allows multiple investors per team, they must be approved by the league and typically involve significant capital—crowdsourcing small amounts from many fans wouldn't align with this model.
- Why the Prohibition?
 - These leagues resist crowdsourcing for a few reasons:

- Control: A small, wealthy ownership group is easier to manage and align with league goals than thousands of micro-investors.
- Financial Stability: Leagues prefer owners with deep pockets to cover losses or fund stadiums, rather than relying on a diffuse pool of small contributions.
- Tradition: Most U.S. sports leagues favor the private, billionaire-driven model over fan-driven alternatives common in European soccer (e.g., Germany's 50+1 rule).
- Exceptions and Workarounds
 - Green Bay Packers: The NFL's lone fan-owned team, with shares sold periodically since 1923. However, these are non-profit shares with no equity value or dividends—just voting rights and bragging rights.
 - Crowdfunding Attempts: Minor league teams (e.g., Chattanooga FC) and startups have used platforms like Wefunder to raise fan investment under SEC crowdfunding rules (capped at \$5 million), but major leagues' rules block this at the top level.
 - In short, while no league explicitly says "no crowdsourcing," their ownership restrictions—caps on group size, principal owner requirements, and bans on public/nonprofit models—effectively prohibit it in the NFL, MLB, NBA, NHL, and MLS. The Packers remain a historical anomaly, not a blueprint. Does that answer your question, or want to dive deeper into any league?
- Execution Challenges: Managing a franchise via decentralized voting is untested and complex. In addition, there are a limited number of sports franchises to target and even fewer for sale at any given time.
- Market Volatility: F's value depends on community momentum, not promoter hype.

Ultimately, purchasers must understand that F is not a traditional investment but a speculative tool for potential collective ownership and the ability to become a fan of a sports franchise of which they own a piece and/or have management rights. Success hinges on community participation and belief in the vision.

Franchise Token (F) is not an investment vehicle or security. Its value derives from the power it gives fans to be involved in a sports franchise and to cheer for an organization in which they have an interest and/or management rights. There is no promise of profit and the risk of loss is high given the barriers in the market to this sort of project. Participants should consult legal and financial advisors before purchasing.

Conclusion

Franchise reimagines sports ownership by placing power in the hands of fans. With the Franchise Token, we aim to acquire and manage a portfolio of professional sports franchises, offering holders unprecedented influence over teams they love. This is more than a cryptocurrency—it's a movement to disrupt a trillion-dollar industry. Join us in building a future where fans don't just cheer for their teams; they own and manage them.
