

# Golden Bullets

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## LESSONS FROM THE BRONCOS: THINGS TO CONSIDER

Modern professional sports teams are complex business organizations. Many of them are also closely-held family businesses. It's a characteristic they share with a fair number of our clients.

As with any business organization, sports organizations need to make plans for business continuation in the event of the deaths of one or more of the team owners. **Failure to plan for succession can create dire consequences.**

We read recently about the circumstances that led to the sale of the **NFL Denver Broncos** franchise. It's an interesting case study in the dynamics involved with transferring a family-owned business when the patriarch's health fails.

Patrick Dennis Bowlen was a lawyer, executive and the majority owner of the Denver Broncos of the National Football League. He was inducted in the Pro Football Hall of Fame for the class of 2019. Bowlen owned other professional sports franchises in the Denver Colorado area.

Bowlen bought a majority interest in the Denver Broncos of the National Football League in March of 1984 from Vancouver industrialist Edgar Kaiser Jr. The purchase price was said to be \$78 million.

By late 2009, rumors had begun to emerge that Bowlen had stepped out of the spotlight because of short-term memory loss. Starting in 2010, Bowlen no longer played a major role in the Broncos' decision making, and Executive VP John Elway and President Joe Ellis assumed control. On July 23, 2014, due to complications with Alzheimer's disease, he officially relinquished control of the team to Joe Ellis and the trustees of his trust.

Bowlen died in 2019, leaving his widow Annabel and five children—two from a prior marriage, and three from his relationship with Annabel.

After his diagnosis but before his death, Pat Bowlen's family started fighting publicly over control of the team:

- In 2018, **Pat's brother Bill Bowlen asked a Colorado District Court to remove the three people acting on Pat's behalf**, alleging the group failed to uphold Pat Bowlen's wishes and act in the best interest of Pat Bowlen, his family and the Broncos.

- In 2019, **Pat's children from his first marriage filed suit seeking to have Pat's daughter Beth named the new controlling owner of the franchise.**
- Also in 2019, **Brittany Bowlen, with the support of team management, began her own bid to take control of the team in competition with her half-sister.**

The family fight was prolonged and ugly. However, family members ultimately relented and permitted the team to be sold to a non-family buyer. The good news was that Pat's trust, acting on behalf of the family, reached an agreement to sell the Broncos to Walmart heir Rob Walton for \$4.5 billion. At the time of the sale, it was the most-expensive team sale of all time.

**Pat Bowlen was able to implement last-minute estate planning when his health was about to deteriorate.** Unfortunately, even though the strategy implemented made sense at the time, the results weren't perfect. Some family members ended up in court over their power struggle, and the situation dragged on for years. Even though there is a kind of happy ending to that story, it took years of family strife to get there.

**Do you have friends who own one or more closely-held businesses? Do they employ family members? Have they implemented plans for succession?** The Broncos case reminds us that it's never too early to start the planning process, as none of us is promised a healthy tomorrow. Please let us know if there's a situation where I can help start the conversation.

***AS ALWAYS, PLEASE FEEL FREE TO CALL TO DISCUSS THESE OR OTHER FINANCIAL SECURITY ISSUES OF CONCERN.***

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