THE ATHLETE ENTREPRENEUR

BUILDING, INVESTING, AND PROTECTING YOURSELF WHEN YOU PUT IT TO WORK

BRANDON LEOPOLDUS, ESQ.

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BEING WANTED FOR YOUR MONEY IS NOT THE SAME AS BEING OFFERED A GOOD DEAL.

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Founder, Leopoldus Law, APC. Former professional baseball umpire.

YOU HAVE THREE THINGS MOST FIRST-TIME ENTREPRENEURS WOULD KILL FOR. THAT MAKES YOU A TARGET TOO.

Capital, a recognizable name, and a network that returns your calls. That combination makes you a genuinely strong founder and investor, and it makes you a target. For every legitimate opportunity your profile attracts, several are people who want your money, your name on their pitch, or both, and who are counting on your not looking too closely.

The difference between the athletes who build real wealth as entrepreneurs and the ones who become cautionary tales is rarely talent or luck. It is structure, diligence, and the discipline to treat every deal as a business decision rather than a flattering opportunity. This guide covers the roles you can play, founder, investor, equity endorser, and the different risks of each; how to build on a real entity; how to invest in someone else's company and how to start your own; the securities-law trap that has cost famous athletes real money; and how to protect yourself from the conflicts and scams that come with a valuable name.

One principle governs all of it. Your name and money are business assets, and every deal is a transaction to be structured, not a favor to be accepted. The moment you treat an opportunity as flattery rather than a deal, you have handed the other side the advantage.

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YOUR NAME AND MONEY ARE BUSINESS ASSETS.

EVERY DEAL IS A TRANSACTION TO BE STRUCTURED.

THE ATHLETE ENTREPRENEUR

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Followed by frequently asked questions, a glossary, ten costly myths, and how to reach us.

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CHAPTER ONE

YOUR ADVANTAGE, AND YOUR TARGET

Three roles, three different risks, and the deal on one page

CHAPTER 1

THE TARGET ON YOUR OWN BACK

YOUR ADVANTAGES ARE REAL. SO IS THE PROFILE THEY PAINT ON YOU.

You have capital, a name, and a network. You have capital to invest or to fund a venture, a name that can market a product or anchor a brand, and a network of other athletes, advisors, and business people. Used deliberately, these make you a formidable founder and a sought-after investor.

The same profile paints a target on you. Your capital attracts people who want it, some with real businesses and some with pitches designed to separate you from it. Your name attracts people who want to borrow your credibility to sell something. And your success can attract advisors and partners whose interests quietly diverge from yours. None of this means you should not be an entrepreneur. It means you should be a careful one, who assumes that a valuable name draws sharp operators and structures accordingly.

CONVERTING THE ADVANTAGE INTO WEALTH

The rest of this guide is, in a sense, about converting the advantages into wealth while defending against the target. The tools are the same ones that serve any serious principal: real entities, real diligence, real terms, and real advisors whose interests align with yours. The difference for you is only that the stakes and the temptations are higher, because your name and money are bigger draws than most.

DID YOU KNOW?

One principle governs everything in this guide. Your name and money are business assets, and every deal is a transaction to be structured, not a favor to be accepted. The moment you treat an opportunity as flattery rather than a deal, you have handed the other side the advantage.

CHAPTER 1

THREE ROLES, THREE DIFFERENT RISKS

KNOW WHICH ONE YOU ARE IN BEFORE YOU SIGN ANYTHING

"Getting into business" is not one thing. Confusing the roles is how athletes take on risks they did not understand.

/ THE INVESTOR

You put money into someone else's company and hope it grows. Your risk is your capital, and your job is diligence and terms. The classic mistake is investing on relationship or excitement rather than analysis, writing a check because a friend or a smooth founder asked.

/ THE FOUNDER

You start and own a business, and your risk is broader: capital, name, time, and potentially liability if the venture is not properly structured. The classic mistake is the brand extension with no business underneath it, a product line built on your name that has no real operation, market, or management.

/ THE EQUITY ENDORSER

You take equity instead of, or alongside, a cash fee, becoming part-owner of a company you endorse. You are lending your name like an endorser and taking ownership like an investor. The classic mistake is valuing the equity at the founder's optimistic number and doing none of the diligence you would do before writing a check of that size.

THE FIRST DISCIPLINE IS SIMPLY TO KNOW WHICH ONE YOU ARE IN.

CHAPTER 1 · REFERENCE

THE DEAL ON ONE PAGE

THE THREE ROLES, COMPARED, SO YOU CAN SEE AT A GLANCE WHAT EACH DEMANDS

	INVESTOR	FOUNDER	EQUITY ENDORSER
WHAT YOU RISK	Your capital	Capital, name, time, liability	Name and capital
YOUR MAIN JOB	Diligence and terms	Build a real business	Treat equity as an investment
CLASSIC MISTAKE	Investing on relationship	The vanity project	Valuing equity at the pitch
KEY PROTECTION	Real rights as a minority	Real management and structure	Diligence before the deal
WORST CASE	Lose your money	Lose money and name	Name tied to a failure

Whatever the role, the through-line is the same: it is a business decision, structured and scrutinized, not a favor accepted. Read the table as a reminder that the flattering opportunity and the sound one look identical until you do the work that tells them apart.

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CHAPTER TWO

BUILDING ON A REAL FOUNDATION

Entities, founding a real business, and the deal among co-founders

CHAPTER 2

BUILD ON A REAL ENTITY

GET THE FOUNDATION RIGHT BEFORE ANY SPECIFIC DEAL

Your business activities, whether founding, investing, or holding equity, should generally run through properly formed and maintained entities, not through you personally. An entity separates your business risk from your personal wealth: if a venture is sued or fails owing money, a properly formed and respected entity generally keeps that liability from reaching the assets you hold outside it.

That separation is real, but it is contingent: it holds only if the entity is genuinely maintained as a separate thing, with its own accounts, its own records, and its own formalities, and not treated as your personal pocket. An entity you ignore is an entity a court can disregard, reaching through it to you. The protection is available; keeping it is a discipline.

/ NOT EVERYTHING BELONGS IN ONE ENTITY

A single company holding every venture, every investment, and your name rights all together concentrates risk, so a liability from one activity can reach the assets of another. Serious entrepreneurs separate distinct activities into distinct entities, so a lawsuit against one venture does not endanger a different venture or your investment portfolio. The right structure is not a single box but a considered set of them, each holding what belongs together and walled off from what does not.

DID YOU KNOW?

Reorganizing a tangle of commingled activities later is far harder than separating them from the start. Designing the right set of entities is work for your lawyer and tax advisor together, and it is worth doing early.

CHAPTER 2

STARTING YOUR OWN COMPANY

AVOIDING THE VANITY PROJECT IS MOST OF THE BATTLE

Build a business, not a brand extension. A real business has a product or service people will pay for, a market, a way to make money, and competent people running it day to day. A brand extension has your name on it and little else. Before you found a company, ask whether it would be a viable business if a stranger owned it. If the honest answer is that it only exists because you are famous, you are looking at a vanity project.

Get management you do not have to be. You have a demanding day job, and a business needs someone running it who is not you. Many athlete ventures fail because the athlete either tried to run a company they had no time to run, or handed it entirely to someone unqualified because that person was available or was a friend.

Use your name as an advantage, not a substitute. Ask what the company would need to succeed if your name were removed, and make sure those things, the product, the market, the operation, the management, actually exist. Then let your name amplify them. A famous name with no real business behind it is a vanity project with better marketing.

FUND THE BUSINESS AS A BUSINESS, NOT FROM THE WHOLE OF YOUR NET WORTH.

CHAPTER 2

CO-FOUNDERS, PARTNERS, AND WHO OWNS WHAT

THE RELATIONSHIPS AMONG OWNERS CAUSE MORE BREAKUPS THAN THE MARKET EVER DOES

Put the ownership deal in writing, at the start. Who owns what, who does what, how decisions get made, what happens if someone leaves, these get worked out in a founders' or operating agreement, while everyone is still friendly and optimistic, because they are impossible to negotiate fairly once a dispute has started. An unwritten ownership deal is a lawsuit waiting for a trigger.

Vesting: earn the ownership over time. If a co-founder leaves after six months, you do not want them walking away with a large permanent slice of a company they no longer build. Vesting ties ownership to continued contribution. This is standard in real ventures, and its absence is a sign the arrangement was not thought through.

Decide how disputes and exits work before you need to. How a serious disagreement gets resolved, how an owner is bought out, what happens if an owner dies or becomes unable to serve, and how the company can be sold or wound down. As the partner with the valuable name and often the capital, you have the most to lose from a badly governed company.

DID YOU KNOW?

These provisions feel remote when everyone is aligned, and they are exactly what you will be desperate for when someone is not. Deciding them at the start, in calm, is how you keep a future dispute from becoming a catastrophe.

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CHAPTER THREE

INVESTING LIKE A PRINCIPAL

Diligence and terms, and building a foundation beyond startups

CHAPTER 3

INVESTING IN SOMEONE ELSE'S COMPANY

ATHLETES LOSE MORE MONEY TO SKIPPED DILIGENCE THAN TO BAD LUCK

Do the diligence you would demand of any investment. Understand the business: what it does, how it makes money, who runs it and whether they are capable and honest. Understand the valuation: what you are paying and whether the price reflects reality or the founder's hopes. And understand the risk: what happens if it fails, and whether losing it would hurt you.

Get real terms and real rights. Understand what class of ownership you are buying; whether you have information rights, a seat or a voice, or protection against dilution; and what happens if the company raises more money, is sold, or fails. A minority investor with no rights is at the mercy of whoever controls the company, and athletes routinely take that position because they did not ask.

/ BEWARE THE DEAL THAT CAME TO YOU BECAUSE OF WHO YOU ARE

A useful test is to ask why this deal reached you specifically. If the business is genuinely strong and someone thought you would be a valuable partner, that is a good sign. If you have money and a name and the promoter needed both, be more careful. The best opportunities usually do not need to seek out celebrity money; they can raise it on their merits. Being wanted for your money is not the same as being offered a good deal.

CHAPTER 3

INVESTING BEYOND STARTUPS

CONCENTRATION IN FLASHY, HIGH-RISK VENTURES IS ITS OWN DANGER

Not every investment is a startup or an equity endorsement. The exciting deals that reach a wealthy athlete are disproportionately the risky ones, and a portfolio built only from those is fragile. Beyond startups lie the more ordinary and often wiser building blocks of wealth: diversified investments in public markets, real estate, established private businesses, and professionally managed funds. They lack the story and the glamour, and that is part of their value, they are less likely to be pitched to you precisely because there is less margin in selling them to you.

A sound overall plan usually places the bulk of an athlete's wealth in diversified, lower-risk holdings and reserves a defined, limited portion for the higher-risk, higher-excitement ventures, so that a few bad startup bets cannot threaten the foundation. The biggest portfolio mistake athletes make is not any single bad deal; it is concentration, putting too much into too few high-risk ventures because those are the deals that came knocking.

LET THE BORING CORE DO THE HEAVY LIFTING.
CAP THE EXPOSURE TO THE EXCITING EDGE.

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CHAPTER FOUR

EQUITY, ENDORSEMENTS, AND YOUR NAME

Treating equity as a real investment, and protecting your name in the venture

CHAPTER 4

EQUITY INSTEAD OF A CHECK

GENUINELY DOUBLE-EDGED, AND THE OUTCOME DEPENDS ON DISCIPLINE

The temptation is to see equity as free upside stapled to an endorsement. But equity in a company that fails is worth exactly zero, and the companies that offer equity in place of cash are disproportionately the ones that cannot pay cash, which is information. Before you accept equity, do the diligence you would do before investing that amount of money, because that is what you are doing.

The athletes who have built serious wealth this way did it by choosing carefully, negotiating real terms, and treating each equity deal as an investment decision. The ones who were burned took the equity as a bonus, valued it at the founder's number, and did no diligence. Same structure, opposite outcomes, and the difference was discipline.

"EQUITY OR CASH" IS A FALSE CHOICE

Rather than taking all equity and no cash, you can often negotiate a mix: a real cash fee that pays you regardless, plus equity as upside if the company succeeds. You can also negotiate anti-dilution terms, information rights, and a say in a sale, that keep your stake from being quietly eroded. The sophisticated answer is often some of each, on terms you negotiated, and the athletes who negotiate well do far better than the ones who accept the version the company proposed.

CHAPTER 4

YOUR NAME IN THE VENTURE, AND GETTING IT BACK

LICENSE IT. DO NOT TRANSFER IT.

When you attach your name to a company, your name is both an asset of the venture and a thing you need to protect independently of it. The core questions are ownership and reversion. Does the company own the right to use your name, or does it license it from you? For how long, and what happens to that right if you leave, if the company is sold to someone you would never associate with, or if it fails?

An athlete who grants a venture broad, permanent rights to their name can find that name stranded on a product they no longer control, or carried into a sale they never wanted. The protection is to license your name to the venture on defined terms, with the right to pull it back if you leave or if the company crosses lines you set, and with a say in any sale that would carry your name to a new owner. Your business can fail without taking your name down with it, but only if you structured the relationship between the two so that it can.

LICENSE YOUR NAME.
NEVER SIMPLY GIVE IT AWAY.

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CHAPTER FIVE

THE SECURITIES-LAW TRAP

The single most avoidable, most expensive mistake an athlete entrepreneur makes

CHAPTER 5

PROMOTING INVESTMENTS

THE RULES THAT CAUGHT CELEBRITY AFTER CELEBRITY ARE NEITHER OBSCURE NOR FORGIVING

The federal securities laws reach far more than stocks. The Supreme Court's long-standing test treats an arrangement as a security whenever people invest money in a common enterprise expecting profits from the efforts of others, and the Court deliberately made the definition flexible enough to catch the countless schemes people devise.[1] Many tokens, funds, and "opportunities" qualify even when they do not call themselves securities.

/ THE ANTI-TOUTING RULE: DISCLOSE WHAT YOU WERE PAID

It is unlawful to promote a security for compensation without fully disclosing that you were paid and how much.[2] Promote a token, a fund, or an investment to your audience in exchange for a fee or free coins, and say nothing about the payment, and you have likely violated the anti-touting provision, regardless of whether the investment itself was legitimate. The enforcement actions against athletes and entertainers for promoting crypto assets turned largely on this: not that the promotion was fraudulent, but that the compensation was not disclosed.

/ AND DO NOT MISLEAD

The antifraud rules prohibit materially false or misleading statements in connection with the purchase or sale of a security.[3] Promoting an investment with claims you cannot support, or hyping returns while omitting the risks, exposes you to liability for the promotion itself. And a material connection between you and a product or venture you promote must be clearly disclosed under the FTC's rules as well.[4]

DID YOU KNOW?

The safe posture is the same across the securities and advertising rules: promote only what you understand and believe, disclose every payment and connection, and get counsel before you lend your name to any investment.

CHAPTER 5

WHY ATHLETES KEEP WALKING INTO THIS

THE EASE OF THE DEAL IS PRECISELY WHAT MAKES IT DANGEROUS

The promotion deals are lucrative and easy: a single post for a large fee, with no product to make and no company to run. They are framed as ordinary endorsements, which most athletes are used to doing without a second thought, so the securities dimension is invisible unless someone flags it. The promoters are persuasive and often assure the athlete that everything is handled, that others have done it, that it is fine. Every one of those pressures pushes toward saying yes quickly and asking nothing, which is why the answer must be to route the deal through counsel before agreeing.

The exposure is not only regulatory. When a promoted investment fails and the people who bought it on your recommendation lose money, some of them may look to you, the recognizable name that lent the deal credibility, whether or not you had anything to do with the underlying business. The reputational harm can outlast and outweigh any fee, and it attaches to your name in every future deal, draft evaluation, and background check.

THE FEE FOR A PROMOTION IS NEVER WORTH THE PENALTY, THE CLAWBACK, AND THE REPUTATIONAL DAMAGE.

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CHAPTER SIX

CONFLICTS, SCAMS, AND YOUR BENCH

The compromised people around a valuable name, and building a bench that isn't

CHAPTER 6

CONFLICTS, SCAMS, AND THE PEOPLE AROUND YOU

THE THREATS ARE NOT ONLY BAD DEALS; THEY ARE COMPROMISED PEOPLE

The conflicted advisor. An advisor who profits from the deal they recommend is not giving you neutral advice, whatever they say. This does not make every such person dishonest, but it does mean their advice is not disinterested. Insist on transparency about compensation and conflicts, and give the most weight to advisors who are paid by you, for advising you, and by no one else.

The related-party deal. Be especially careful when the people around you are also the counterparties: the venture your advisor also owns, the fund your manager also runs. When that is the case, get independent counsel who has no stake, and scrutinize the deal harder, because the usual check, a trusted advisor warning you off a bad deal, is compromised when the advisor is the one selling it.

The outright scam. Some pitches are simply frauds dressed for a wealthy athlete: the too-good-to-be-true return, the pressure to decide fast, the vague business that cannot answer plain questions. A legitimate opportunity survives your questions. A scam pressures you to stop asking them.

DID YOU KNOW?

A standing policy that no significant financial decision happens fast defeats the entire category of pressure-based fraud. Scammers rely on urgency; the genuinely good deals will still be there after the pause.

CHAPTER 6

THE ADVISOR BENCH

A BENCH WHOSE INTERESTS ALIGN WITH YOURS RATHER THAN WITH THE DEALS

1

A BUSINESS LAWYER

To structure your entities, review and negotiate your deals, and keep you on the right side of the securities and advertising laws.

2

AN ACCOUNTANT OR CFO-LEVEL ADVISOR

To test the numbers on your investments and ventures and to keep your own books clean.

3

A GENUINELY INDEPENDENT FINANCIAL ADVISOR

Paid by you to advise you, with no stake in the deals they evaluate.

4

EXPERIENCED OPERATORS

To run the ventures you found, so the business does not depend on time you do not have.

BUILD A BENCH THAT IS PAID TO PROTECT YOU, NOT TO SELL TO YOU.

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CHAPTER SEVEN

STRUCTURE, TAX, AND THE EXIT

Integrating the business side, and the lifecycle of a well-run venture

CHAPTER 7

STRUCTURE, TAX, AND THE WHOLE PICTURE

YOUR ENTREPRENEURIAL ACTIVITY DOES NOT SIT APART FROM THE REST OF YOUR FINANCIAL LIFE

The entities that hold your ventures and investments should coordinate with your overall entity and tax structure, so income is characterized well, liabilities are contained, and the whole is managed as one plan. A venture structured without regard to your tax picture can create unnecessary tax; a liability taken on in the wrong entity can reach further than it should.

There is a timing dimension athletes routinely miss. The earning window is short, and the entrepreneurial activity that turns those earnings into lasting wealth is most valuable when it is built during the earning years and structured to keep working after them. That is a reason to be deliberate now, rather than defer the business thinking until the career winds down.

THE ONE WHO TREATS BUSINESS AS A SERIES OF EXCITING SIDE BETS OFTEN FINDS THE BETS DID NOT ADD UP TO SECURITY.

CHAPTER 7

THE EXIT

EVERY VENTURE ENDS SOMEHOW. PLAN FOR IT FROM THE BEGINNING.

The sale. How the price is paid, what you are asked to promise the buyer, whether your name goes with the company, and how the proceeds are taxed are all live, negotiated questions. A founder who ignored them can find that a good sale price became a mediocre outcome after the terms, the taxes, and the name transfer.

The failure. Most ventures do not get sold; they end. A well-structured company can be wound down cleanly, its liabilities contained within the entity, and your personal wealth and name protected because you separated them from the venture at the start. A poorly structured one can, in failure, reach the founder personally.

A LIFECYCLE OF A WELL-RUN VENTURE

THE DECISIONS THAT MATTER ARE SPREAD ACROSS THE ARC, NOT CONCENTRATED AT THE START

BEFORE YOU COMMIT	You identify your role, do genuine diligence, and decide whether this is a real business or a flattering story. You confirm whether anything you would promote is a security, and whether the people bringing you the deal have conflicts. Most of the value is protected here, in the decision to proceed or decline on the merits.
AS YOU BUILD	You house the venture in a real entity, paper the ownership and the name license clearly, install capable management, and fund it as a contained commitment. You keep the formalities, so the liability protection holds. The unglamorous infrastructure built here is what makes the venture survivable.
AS IT RUNS AND ENDS	You oversee without having to operate, watch the numbers, and keep the governance real so disputes do not blow up the company. When the venture reaches its end, in a sale or a wind-down, the structure you built lets you exit well and keeps your wealth and name protected either way.

A well-run venture is boring in exactly the places an athlete is tempted to be exciting, and that is why it works.

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CHAPTER EIGHT

SCENARIOS AND YOUR CHECKLIST

Composites from the field, and the order to work through before you act

CHAPTER 8

SCENARIOS FROM THE FIELD

THE TOKEN THAT CAME WITH A PENALTY

An athlete was paid a healthy fee to promote a crypto token to his followers, posted enthusiastically, and disclosed nothing about the payment. The promotion of what was likely a security, for undisclosed compensation, ran straight into the anti-touting rule, and he faced penalties and clawbacks that dwarfed the fee. Had counsel been involved, the payment would have been disclosed and the problem avoided.

THE EQUITY THAT WAS WORTH ZERO

An athlete took a large-looking equity stake in place of a cash endorsement fee, thrilled by the number and uninterested in the details. The company could not pay cash, and within two years it failed, taking the equity, and the endorsement's value, with it. A peer offered a similar deal did the diligence, negotiated real terms, and either declined or protected himself. Same offer, opposite discipline.

THE ADVISOR ON BOTH SIDES

A trusted advisor brought an athlete a "great opportunity," a company the advisor also had a stake in, without foregrounding the conflict. The athlete invested without independent diligence, and the deal served the advisor far better than it served him. An advisor on both sides of a deal is not giving disinterested advice.

Composite scenarios. Facts are drawn from real matters and altered to protect confidentiality. No individual is identifiable from these descriptions.

CHAPTER 8

SCENARIOS FROM THE FIELD, CONCLUDED

THE RESTAURANT WITH HIS NAME ON IT

An athlete lent his name to a restaurant group in exchange for a stake, granting broad, permanent rights with no reversion. The business struggled, was sold to new operators he had never met, and his name went with it, now attached to a company he had no relationship with and no control over. A name license scoped with a reversion right would have let him separate his name from a venture that no longer represented him.

THE VENTURE THAT RAN ITSELF

An athlete who founded a product company resisted the urge to run it himself, hired an experienced operator, structured real oversight, and housed it all in a clean entity separate from his personal wealth. It grew steadily, and when a buyer eventually emerged, the clean structure made the sale straightforward and the proceeds protected. He had treated the venture as a business from the first day, and it behaved like one.

DID YOU KNOW?

Same structure, opposite outcomes, and the difference every time was discipline: diligence before the deal, real terms in writing, and a name that was licensed rather than given away.

Composite scenarios. Facts are drawn from real matters and altered to protect confidentiality. No individual is identifiable from these descriptions.

CHAPTER 8

WHAT TO DO NEXT

1. Know your role in every deal, investor, founder, or equity endorser, because the diligence and terms depend on it.
2. Build on real, maintained entities, so your ventures' liabilities cannot reach your personal wealth.
3. Do genuine diligence on every investment and every equity stake, precisely when relationship or excitement tempts you to skip it.
4. Negotiate real terms and real rights, especially as a minority investor, before the money moves.
5. If you found a company, build a real business with real management, and fund it as a contained commitment, not out of your whole net worth.
6. Never promote an investment without counsel, full disclosure of what you were paid, and genuine belief in it.
7. Map the conflicts around you, know who is paid what, and reserve your trust for advisors paid only by you.
8. Integrate the business side with your entity, tax, and estate structure, so the gains build lasting wealth.
9. Diversify: keep the bulk of your wealth in a stable, varied foundation and cap the exposure to speculative ventures.
10. License your name to your ventures rather than transferring it, with a reversion, so a failure or sale cannot strand it.
11. Paper your co-founder and ownership deals in writing, with vesting, at the start, while everyone is still friendly.

Your name, your capital, and your network make you a strong entrepreneur and an attractive target, and which one wins is up to you. Treat every opportunity as a business decision to be structured and scrutinized, build on a real foundation, and surround yourself with people paid to protect you rather than to sell to you.

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THE PROMOTER WANTS YOU EXCITED, RUSHED, AND TRUSTING. THE STRUCTURE WANTS YOU DELIBERATE, PATIENT, AND SKEPTICAL.

BRANDON LEOPOLDUS, ESQ.

Every time you choose the second over the first, you tilt the odds in your favor.

FREQUENTLY ASKED QUESTIONS

EQUITY, DILIGENCE, AND PROMOTION

Q SHOULD I TAKE EQUITY OR A CASH FEE IN AN ENDORSEMENT?

A It depends, and you should see both priced before you choose. Equity is a bet on a company you do not control; cash is certain. The companies offering equity instead of cash are disproportionately the ones that cannot pay cash, which is itself information.

Q A FRIEND WANTS ME TO INVEST IN THEIR STARTUP. IS THAT DIFFERENT?

A The diligence is not different, even if the relationship makes it feel rude. A friend with a real business will understand; a friend who resents the diligence is telling you something.

Q CAN I GET IN TROUBLE JUST FOR PROMOTING A PRODUCT OR INVESTMENT?

A Yes, especially with investments. Promoting a security for compensation without disclosing the payment can violate the securities laws regardless of whether the investment was sound. Do not promote investments without counsel and full disclosure.

Q HOW DO I KNOW IF SOMETHING IS A "SECURITY"?

A It is a legal question, and the test is broad: roughly, money invested in a common enterprise for profit from others' efforts. Because getting it wrong is expensive, treat the question as one for counsel, not your own guess.

Q MY MANAGER WANTS A CUT OF MY INVESTMENTS. IS THAT NORMAL?

A It happens, but it gives your advisor an interest in getting you to invest, not necessarily an interest in your investing well. Weight the advice of people paid only by you most heavily.

Q SHOULD I RUN MY OWN BUSINESS OR HIRE PEOPLE TO RUN IT?

A Almost always hire people to run it. You have a demanding day job, and many athlete ventures fail from absentee ownership or from handing the company to someone unqualified.

FREQUENTLY ASKED QUESTIONS

FOUNDING, NAMING, AND DIVERSIFICATION

Q HOW MUCH OF MY OWN MONEY SHOULD I PUT INTO MY VENTURES?

A A defined, limited amount you can afford to lose, not the wealth that secures your life. Size your commitment as a business decision, contained within a structure, so a failure is survivable.

Q WHAT HAPPENS TO MY NAME IF MY OWN COMPANY FAILS OR IS SOLD?

A That depends entirely on how you structured the name rights at the start. If you licensed it on defined terms with a reversion, you can pull it back. If you transferred it broadly, it can be stranded on a failed product or carried into a sale you never wanted.

Q SHOULD I HAVE A WRITTEN AGREEMENT WITH MY CO-FOUNDERS?

A Always, and at the start, while everyone is still friendly. An unwritten ownership deal is a dispute waiting to happen, and you have the most to lose from bad governance.

Q AM I DIVERSIFIED, OR JUST COLLECTING RISKY VENTURES?

A Many athletes are the latter without realizing it, because the exciting, high-risk deals are the ones that get pitched to them. If your portfolio is mostly startups and tokens friends brought you, you are concentrated in the riskiest corner.

REFERENCE

A GLOSSARY

INVESTMENT CONTRACT / SECURITY. Money invested in a common enterprise for profit from others' efforts; triggers the securities laws even for things not called stocks.

DUE DILIGENCE. The investigation of a business, its numbers, its people, and its risks before you invest or partner.

MINORITY PROTECTIONS. Contractual rights that protect a non-controlling owner from being squeezed out or ignored.

VANITY PROJECT. A venture built on your name and enthusiasm with no real business underneath it.

LIMITED LIABILITY. The protection a properly maintained entity gives, keeping a venture's liabilities from reaching your personal wealth.

VESTING. Earning ownership over time rather than receiving it all at once, so equity tracks continued contribution.

NAME LICENSE VS. TRANSFER. Lending your name to a venture on defined, recoverable terms, versus giving it away permanently.

REVERSION. A right to have something, such as your name, return to you on defined conditions like departure or a sale.

ANTI-TOUTING RULE. The requirement to disclose compensation received for promoting a security; the rule behind celebrity crypto-promotion penalties.

DILUTION. The reduction of your ownership percentage when a company issues more shares; a key risk for a minority investor.

RELATED-PARTY DEAL. A transaction where someone advising you is also a counterparty or beneficiary; a conflict to scrutinize hard.

EQUITY ENDORSEMENT. Taking ownership in a company in place of, or alongside, a cash fee for your endorsement.

FINDER'S FEE. A payment for bringing you a deal; a source of conflict when the "friend" making an introduction is paid to do so.

FOUNDERS' / OPERATING AGREEMENT. The written deal among a company's owners, covering ownership, decisions, departures, and exits.

DIVERSIFICATION. Spreading wealth across many holdings so no single failure threatens the whole; the antidote to venture concentration.

REFERENCE

TEN MYTHS THAT COST ATHLETE ENTREPRENEURS

"My name alone will make the business work." A name markets a real business; it cannot replace one. No operation underneath is a vanity project.

"I can skip diligence because I trust the person." Trust is not diligence. The pitches that reach you are selected for persuasiveness, not merit.

"If it is not called a stock, it is not a security." The definition is broad and reaches many tokens, funds, and deals.

"I should run my own company." You have a day job. Ventures need daily management you cannot give; hire aligned operators.

"I can invest my way to security fast." Pressure and urgency are the scammer's tools. Never let speed replace diligence.

"A handshake with my co-founders is fine." It is a dispute waiting for a trigger. Put ownership, roles, and exits in writing, with vesting.

"Equity is free upside." Equity in a failed company is worth zero. Treat it as the investment it is, with diligence and terms.

"Promoting an investment is just a marketing deal." It can be a securities violation. Disclose what you were paid, and get counsel first.

"My advisor recommended it, so it must be good for me." An advisor paid by the deal is not disinterested. Weight most those paid only by you.

"A friends-and-family round is safer." Sometimes it is just a way to reach your capital. Apply the same diligence you always would.

"Business is separate from my other planning." It should be integrated with your entity, tax, and estate structure.

"My name is just part of the company." Transfer it and it can be stranded on a failure or carried into a sale you never wanted. License it, with a reversion.

The thread through every myth is the same one that runs through the whole guide: treating the business as flattery or a story rather than as a structured transaction.

POSTSCRIPT

THE DISCIPLINE, NOT THE DEAL

HOW TO USE THIS GUIDE, AND HOW TO REACH US

The most successful athlete entrepreneurs are not the ones who found the single best deal. They are the ones who approached every deal the same disciplined way: knowing their role, doing the diligence, insisting on structure and terms, watching for conflicts, and integrating each venture into a coherent plan. That discipline is unglamorous, and it is exactly what the flattering pitch is designed to bypass.

Read this guide alongside the others in the series, because the athlete entrepreneur draws on all of them: entity planning for liability protection, tax planning for the deductibility of business income, image protection for licensing your name, and estate planning so the wealth you build is directed the way you intend.

/ WORKING WITH LEOPOLDUS LAW, APC

Leopoldus Law is a sports and entertainment firm. Sports clients only. No exceptions. Brandon structures the entities, investments, and ventures of athletes building businesses, reviews and negotiates equity and endorsement deals, and keeps clients on the right side of the securities and advertising rules.

If you would like a firm to structure and protect your business activity, we offer consultations to map your situation, tailored entity and deal work, and ongoing counsel as your ventures grow. You can reach us anytime. Nights, weekends, and holidays are fine.

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Brandon Leopoldus umpired professional baseball before he ever practiced law. Five leagues. Seven playoff series. Two All-Star games. One championship series. That path, through the minor leagues and an Olympic family, is the lens he brings to every matter at Leopoldus Law, APC.

100+	25+	3	6	4
ATHLETES ADVISED	SPORTS	LEAGUES LAUNCHED	PRO TEAMS	GOVERNING BODIES

Brandon structures the entities, investments, and ventures of athletes and entertainers who are building businesses, reviews and negotiates their equity and endorsement deals, keeps them on the right side of the securities and advertising rules, and coordinates the business side with their tax and estate planning.

His practice reaches the whole business of sport. He has served twice as Interim General Counsel for D.C. United of Major League Soccer, advised U.S. Olympic governing bodies, and helped develop and launch three startup leagues. He sits on the Board of Directors of the Sports Lawyers Association and teaches Sports Law as an adjunct professor at Loyola Law School in Los Angeles. His commentary has run in Sports Illustrated, ESPN, Teen Vogue, and The Daily Journal.

It traces back to watching his sister become the first Elite-level gymnast in Colorado, and to years spent watching athletes build, and sometimes lose, businesses built on their names. He lives in Los Angeles with his dog Harvey, named for the Hall of Fame umpire Doug Harvey.

REFERENCE

SOURCES & DISCLOSURES

ENDNOTES

1. *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946) (an "investment contract," and therefore a security, exists where there is an investment of money in a common enterprise with profits to be derived from the efforts of others; the definition is a flexible principle adaptable to varied schemes).

2. Securities Act of 1933 § 17(b), 15 U.S.C. § 77q(b) (the anti-touting provision; it is unlawful to promote a security for consideration without fully disclosing the receipt and amount of that consideration). This is the provision behind enforcement actions against paid promotions of securities and crypto assets.

3. Securities Exchange Act of 1934 § 10(b), 15 U.S.C. § 78j(b), and SEC Rule 10b-5, 17 C.F.R. § 240.10b-5 (the general antifraud prohibition against material misstatements and omissions in connection with the purchase or sale of a security).

4. FTC Guides Concerning the Use of Endorsements and Testimonials in Advertising, 16 C.F.R. pt. 255 (a material connection between an endorser and a marketer of a product or venture must be clearly and conspicuously disclosed). Enforcement and guidance continue to evolve; confirm current terms.

DISCLOSURES

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Securities law, business law, and the rules governing promotions and endorsements change over time and vary by situation and jurisdiction. Specifics stated here may have changed or may not fit your facts. Confirm the current rules and work with qualified counsel before you invest, found, or promote.

Scenarios in this guide are composites. Facts are drawn from multiple matters and altered so that no individual is identifiable. No result described here predicts or guarantees the outcome of any other matter.

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