



Original Article

If the free-fall in the stock and real estate markets has you casting about for alternative investments, you may want to check out Real Sports Investments, LLC.

The company was formed for the purpose of selling shares in athletes. The idea isn't unique, merely a new twist on an old game. Investors have purchased shares in professional boxers, golfers, poker players and bowlers. But those investments were sold to a small, select group, and many of the investors knew the athlete personally. RSI hopes to take the concept a step further by marketing the athlete to the general public.

The concept was developed by Randy Newsom, a business major at Tufts University who currently plays in the Cleveland Indians minor league system. His goal, like that of thousands of other minor leaguers, is to one-day play in the majors. Unfortunately for Newsom, his chances of doing that are slim.

The Red Sox signed Newsom as an undrafted free agent in 2004 and traded him to the Indians in 2006. He's a 25-year-old righthander who has yet to pitch above Double-A ball. Newsom wasn't included on Cleveland's most recent top-30 prospect list compiled by *Baseball America*, the bible of Minor League Baseball.

In an [interview with *Baseball Prospectus*](#), Newsom acknowledged his "anti-prospect" status. But he was quick to point out that, "No major league team has ever had a roster full of first rounders only. I know guys like me help teams win big games."

For sure, free agents and late-round draft choices dot Major League rosters, but the odds are

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Written by Jordan I. Kobritz

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still stacked against anyone not drafted in the early rounds. Early round picks command millions of dollars in bonus money. With a significant financial investment in a player, clubs don't want to be proven wrong in their assessment. Hence, bonus-babies are given every opportunity to succeed. Players drafted in the later rounds and undrafted free agents are placed on a much shorter leash. If they don't make it to the majors, it proves the scouts were right in the first place.

High draft picks also have the financial wherewithal to concentrate on making it to the majors, including working out in the off-season instead of working at UPS or substitute teaching, like the Randy Newsoms of the world. That's where RSI comes in.

The company intends to sell shares in an athlete's future earnings and use the money to provide the athlete with a personal trainer and nutrition help, along with such things as equipment and services. The funds would ease the financial burden and worries that are the bane of most fledging athletes. RSI's goal was to raise \$50,000 by selling 2,500 shares in Newsom at \$20 each. Shareholders would have received 4% of Newsom's future Major League earnings, playoff shares and endorsement earnings excluded.

Newsom would have had to earn \$1,250,000 for an investor to break even, exclusive of taxes and transaction fees. With the Major League minimum salary currently at \$390,000, Newsom would have to be in the Major Leagues for at least three years, or until arbitration kicks in, for an investor to avoid losing money. On the surface, the investment appeared to be high risk, to say the least.

A recent check of RSI's website indicates that shares of Newsom are no longer available. Although no reason is given, a company spokesperson, responding to an e-mail, acknowledged that Major League Baseball was none too pleased with the public offering. The company decided to refund all stock purchases until a reasonable accommodation with MLB could be worked out.

It should also be pointed out that the investment appears to fall under the Securities and Exchange Commission's definition of a "security." Unless an exemption exists, costly and time-consuming registration requirements must be met prior to any offering to the general public. A check of the SEC website reveals no such filings to date.

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Even if those hurdles are overcome, the question remains: Is this an investment worth pursuing? Investment experts recommend buying low and selling high. Purchasing shares in Randy Newsom would honor the first part of that advice. But the same could be said for purchasing stocks and real estate at the present time. And history suggests the latter would be a far better investment.

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