

Green Bay Packers, Inc.: The NFL's Only Nonprofit, Profit Corporation

Introduction

With the most unique ownership structure in professional sports, the Green Bay Packers, Inc., has been community-supported and community-oriented since its founding in 1923. Although its corporate structure is difficult to classify within the nonprofit world, its organizational goals and operational realities tend to satisfy any doubts about its charitable underpinnings.

History of Corporation

The Green Bay Packers football team was founded by Curly Lambeau in 1919.¹ Backed by the Indian Packing Company, the team, originally called the Indians, earned itself the nickname, Packers, early in its history.² After several financially difficult years, the team was incorporated as a nonprofit corporation, with local fans contributing five dollars each for a share in the team.³ The team, once again finding itself in financial straits in 1935, issued more stocks to the fans and reorganized as a nonprofit stock corporation under the new moniker, the Green Bay Packers.⁴ Throughout the twentieth century, the Packers conducted two more stock sales in 1950 and 1997 both to secure financial stability and a new stadium.⁵ Its most recent stock sale in 2011 earned the Packers \$67 million dollars and a new ownership base of over 360,000.⁶

What's in a Stock?

Buying stock in the Packers is arguably not the best financial move. Highlighted in caps on the Packers' stock offering document, the corporation warns shareholders that it is "VIRTUALLY

¹ *Green Bay Packers, Inc.: Company History*, Hoover's Company Profile (Nov. 14, 2012), available at West Law's corporate filings online.

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ *Id.*

⁶ Mike Spofford, *Packers Announce Date for Shareholders Meeting*, Packers.com (Apr. 24, 2012), <http://www.packers.com/news-and-events/article-1/Packers-announce-date-for-shareholders-meeting/ff7b3605-36da-448a-8533-228603e4b68f>.

IMPOSSIBLE” to realize a profit on common stock based on the corporation’s transfer restrictions and redemption rights outlined in the corporation’s articles and bylaws.⁷ As one *New York Times* article colorfully put it:

“[T]he buyer will get no dividends, no share price appreciation, no spoils if the team is sold, no securities law protection, no tickets to Lambeau Field, no charitable tax deduction, no merchandise discounts, no financial reports and no option to transfer ownership to anyone but a family member as a gift. No foam rubber cheeseheads are offered as investment inducements.”⁸

Indeed, buying stock in the Green Bay Packers is “largely ceremonial”⁹ and more a purchase in the “tradition and legacy” of the team, rather than the high revenue it generates.¹⁰ One encounter with a “cheesehead” might explain why a piece of the Packers is such a high seller within the local community.

Corporate Structure

Depending on which source one is referencing, the organizational structure of the Green Bay Packers is not entirely clear. Wisconsin’s Secretary of State classifies it as a Domestic Business;¹¹ Westlaw’s Corporate Filings and Registration categorize it as a Profit Corporation;¹² Hoover’s Company Profiles lists it as a Private, Not-for-Profit company;¹³ and the Packers offering document

⁷ *Common Stock Offering Document*, Green Bay Packers, Inc., Nov. 14, 1997.

⁸ Richard Sandomir, *Packer Fans Embrace Unusual Stock*, *N.Y. Times*, Nov. 21, 1997, available at <http://www.nytimes.com/1997/11/21/sports/sports-business-packer-fans-embrace-unusual-stock.html>.

⁹ Usha Rodrigues, *Entity and Identity*, 60 *Emory L. Jnl* 1257, 1297-1300 (2011).

¹⁰ Laurie C. Frey, *How the Smallest Market in Professional Sports Had the Easiest Financial Journey: The Renovation of Lambeau Field*, 18 *Sports Law. J.* 259, 272-74 (2011).

¹¹ *Corporate Records: Green Bay Packers, Inc.*, Wis. Sec. of State (last visited Nov. 22, 2012), available at

<https://www.wdfr.org/apps/CorpSearch/Details.aspx?entityID=1G04414&hash=918356297&searchFunctionID=18802907-d8fd-42c0-8272-79da3bd4dc01&type=Simple&q=green+bay+packers>.

¹² *Corporate Records & Business Registrations: Green Bay Packers, Inc.*, Westlaw, Nov. 15, 2012, available at Westlaw’s Corporate Filings online.

¹³ Hoover’s Company Profile, *supra* note 1.

describes its corporation as a Nonprofit Stock Corporation¹⁴ although its articles of incorporation state that it is incorporated under Wisconsin's Business Corporation statute.¹⁵

An explanation in this discrepancy is in Wisconsin's statutes. Under Wisconsin's 2012 statutes, organization as a Nonprofit Stock Corporation is not available as compared to organizations such as Business Corporation, Non-Stock Corporation, or Unincorporated Nonprofit Association.¹⁶ More research into Wisconsin's statutory history would uncover that when the Packers incorporated for the second time in 1935, a nonprofit could issue shares which represented ownership. For Wisconsin tax purposes, the Packers are a nonprofit despite what the Secretary of State has categorized them as. In the words of one current board member, "It's an exception because they don't know how else to qualify it!"¹⁷

Organizational Documents

No matter its exact classification under Wisconsin Law, the Packers are arguably organized as a nonprofit corporation, with no profits being distributed and all proceeds going to a local charitable foundation upon dissolution. Under its Articles of Incorporation, the Packers' purpose is primarily charitable, with its football activities being incidental to that purpose:

"[T]he association shall be a community project intended to promote community welfare and that its purposes shall be exclusively charitable and that incidental to its purposes, it shall have the right to conduct athletic contests, operate a football team, or such other similar projects for the purpose of carrying out its charitable purposes."¹⁸

Further, the Packers are "non-profit sharing" will all profits donated to the Green Bay Packers Foundation and no profits being distributed to its stockholders.¹⁹ However, the Board of

¹⁴ *Common Stock Offering Document*, *supra* note 7.

¹⁵ *Amended & Restated Articles of Incorporation*, Green Bay Packers, Inc., 1997 [hereinafter *Articles*].

¹⁶ Wis. Stat. §§ 180-188 (Corporations Chapters) (West 2012).

¹⁷ Email on file with the author.

¹⁸ *Articles*, *supra* note 15, at Art. I,

¹⁹ *Id.* at Art. VI.

Directors has the right to reserve capital, with no obligation to distribute to any donee.²⁰ Upon dissolution, all proceeds go to the Green Bay Packers Foundation.²¹

Under its Bylaws, the Packers can have no fewer than 45 directors (no fewer than 15 from Brown County, Wisconsin)²² and its Executive Committee consists of seven members including the President (Mark Murphy, CEO), Vice-President (Ted Thompson, General Manager), Secretary, and Treasurer.²³ Each share gets one vote;²⁴ however, no shareholder can own more than 200,000 shares.²⁵ Shares cannot be transferred,²⁶ and if a shareholder wishes to sell, the Corporation has the first right to buy at a mere 25 cents per share.²⁷ These provisions effectively remove the possibility of a shareholder ever receiving a profit on his or her share and of any one shareholder uprooting the Packers to a different city.

Operation & Benefits

Guided by the nonprofit nature of its organizational articles and community ownership structure, the Packers operate in an arguably nonprofit fashion. All profits are either invested back in the team²⁸ or donated to local charities with a six million dollar impact reported in 2012 for one fiscal year alone.²⁹ Volunteers work concession stands at games with 60 percent of proceeds going to local charities.³⁰ A comprehensive report of the Packers' community involvement and charitable activities can be found on its website.³¹

²⁰ *Id.*

²¹ *Id.*

²² *Bylaws of The Green Bay Packers, Inc.*, Art. III, Sec. 2, Aug. 19, 1999 (amended).

²³ *Id.* at Art. III, Sec. 11; Hoover's Company Profile, *supra* note 1.

²⁴ *Id.* at Art. 11, Sec. 9.

²⁵ *Id.* at Art. VI, Sec. 4.

²⁶ *Id.* at Art. VI, Sec. 4

²⁷ *Articles*, *supra* note 15 Art. V.

²⁸ Patrick Hubry, *The Right Way? The Green Bay Way*, ESPN.com, Jan. 31, 2011, <http://sports.espn.go.com/espn/commentary/news/story?page=hruby/110131>.

²⁹ *Packers Chronology: 1919-2012*, Packers.com, <http://www.packers.com/history/chronology.html>.

³⁰ Dave Zirin, *Those Non-Profit Packers*, The New Yorker, Jan. 25, 2011, *available at*

Other benefits of a community-oriented team include lower ticket prices than average; some of the cheapest stadium beer in the league; no overbearing, non-football playing, wealthy owner controlling management operations; volunteers within the community to help shovel a snow-laden stadium; and no risk of losing the team to a different city when only a majority vote could broker such a deal and the vast majority of owners live in Green Bay.³²

Future Model for Professional Teams?

Unfortunately, the benefits of a nonprofit professional football team will not be realized by others as the NFL forbids any future team from organizing as a nonprofit. The NFL's constitution states that "charitable organizations and/or corporations not organized for profit and not now a member of the league may not hold membership in the National Football League."³³ Thus, the current NFL trend will continue – to "socialize the debt of sports and privatize the profits" – with owners taking all the profits and not-necessarily-willing taxpayers footing the bill.³⁴ But in such tough economic times, what better way to support our local charities and aid our communities than the high revenue-makers in professional sports?

*Bay Toft-Dupuy
November 28, 2012*

<http://www.newyorker.com/online/blogs/sportingscene/2011/01/those-non-profit-packers.html>.

³¹ *Community Outreach Report*, Green Bay Packers, 2011-2012, available at <http://prod.static.packers.clubs.nfl.com/assets/docs/2012cor.pdf>.

³² *Zirin, supra* note 29.

³³ *Id.*

³⁴ *Id.*