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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

LIV Golf Reorg Hinges On Pro Golfers, Deal For $3B Tax Loss

By **Alex Wittenberg**

Law360 (September 14, 2026, 5:58 PM EDT) -- LIV Golf's bid to emerge from bankruptcy with fresh funding and an expanded pool of players depends on the embattled league's ability to win over star golfers who are owed millions of dollars. Without them, it risks losing a restructuring deal and the use of at least $3 billion in tax assets that attracted its new investor, experts told Law360.

LIV Golf, facing the loss of its financial backer, has proposed a way forward in Chapter 11 that depends on its top golf pros betting on the league's future as holders of the majority of its reorganized equity. (iStock.com/golfcphoto)

The upstart golf league, reeling from the loss of financial backing by Saudi Arabia's sovereign wealth fund, is aiming to use its bankruptcy to kickstart LIV Golf 2.0, which it says will feature a larger field of professional golfers and new competitions starting early next year.

First, though, the league that has lost some $5 billion since 2022 must persuade enough golf pros to sign on as owners of LIV 2.0 to lock in a deal with private equity firm BC Partners, all within the next month. Without those players, LIV could have to give up the use of one of its most valuable assets: its billions of dollars in net operating losses, or NOLs.

"You get the double bang for the buck," Joe Orbach, a partner at Thompson Coburn LLP, said of LIV's proposed restructuring. "You satisfy what the players are owed, if they agree to this deal, and you preserve the NOLs at the same time."

LIV **filed Chapter 11 protection** touting a deal with London-based BC Partners' credit arm that would give golfers a majority stake in LIV 2.0 and supply the reorganized company with about $300 million in funding. For the transaction to work, LIV must secure a "requisite" number of players: those holding at least two-thirds in amount and one-half in the number of player claims.

Signing on enough golf pros would let LIV qualify for a bankruptcy exemption to tax rules that limit the use of NOLs when a company undergoes an ownership change. LIV has about $3 billion in U.S. losses and another $2 billion in the U.K., according to court filings, and the debtor said its proposed restructuring would allow LIV and BC Partners to apply those NOLs to offset future income.

"Everything is structured to capture the NOLs," said William Hotze, a member at Dykema Gossett PLLC.

LIV's restructuring support agreement with BC Partners gives the debtor 35 days from the petition date to get the requisite number of athletes on board. Before that, Saudi Arabia's Public Investment Fund must join the agreement by the end of this week, court filings showed.

"There's a lot up in the air," Orbach said. "But in bankruptcy, deadlines are sometimes helpful for getting to deals."

'Creative Thinking'

LIV's proposed restructuring plan centers on interlocking deals that require both court approval and golfers' buy-in.

Prior to its bankruptcy filing, LIV canceled golfers' existing equity to help preserve its NOLs, according to court filings. At the debtor's first-day hearing in New Jersey bankruptcy court Sept. 9, U.S. Bankruptcy Judge Michael B. Kaplan also granted interim approval of LIV's NOL motion.

The motion supported LIV's restructuring deal by requiring anyone who plans to accumulate claims that could trigger an ownership change to notify the court 30 days before the proposed transfer, Tommy Scheffer of Gibson Dunn & Crutcher LLP told Judge Kaplan. That could let LIV block any transfers liable to interfere with its plan to give golfers a majority of new equity.

Handing golfers majority control is essential for LIV because doing so would qualify it for relief under Section 382(l)(5) of the Internal Revenue Code. That section waives the annual limit on NOLs for companies changing ownership as part of a Chapter 11 plan, as long as the company's previous shareholders and qualified creditors come to own at least 50% of the new stock.

For LIV, passing control of the league to its players would help it qualify for that exemption, preserving the NOLs while also satisfying those athletes' claims and giving them a direct stake in the success of LIV 2.0.

"That's the creative thinking," Orbach said.

Meanwhile, the deal could let BC Partners, which would own about 45% of the new equity, seize on the at least $3 billion in NOLs carryforwards and use them to offset future income.

"BC Partners isn't buying this because they want to run LIV," Hotze said. "The value here in large part comes from the NOLs."

Player Buy-In

According to court filings, LIV owes millions of dollars to star golfers such as Jon Rahm, Bryson DeChambeau and Dustin Johnson.

It must persuade those and other top athletes to abandon their contracts and join a LIV 2.0 premised on new compensation models. In exchange for giving up their claims, the golfers would garner the LIV 2.0 equity, signing bonuses, a return of certain name, image and likeness rights, and partial ownership of teams.

The success of the restructured league will probably depend on retaining competitors who attract audiences to LIV tournaments. But securing those stars serves a more immediate need, too, attorneys told Law360.

To consummate its restructuring support agreement, LIV needs to sign on at least two-thirds by claim amount and one-half by number of athletes holding claims. Those same golfers will probably form the impaired accepting class whose support LIV needs to secure confirmation of a Chapter 11 plan. Top competitors likely hold larger claims, so LIV's Chapter 11 largely hinges on winning over those players.

"If you're a bankruptcy person, you hear two-thirds in amount and one-half in number — that's 1126(c) of the Bankruptcy Code," Hotze said. "That's what constitutes an accepting class."

At the same time, the future of LIV 2.0 itself would turn on the golfers, who would be new majority owners of the league with a direct stake in its turnaround. That model would mark a shift from LIV's past practice of paying upfront and annually to acquire athletes and to cover their sponsorship rights.

"The players would have skin in the game," Orbach said. "As opposed to getting paid the exorbitant amounts that were required to pry them from the PGA, they're going to be paid more reasonable amounts knowing they have ownership in the upside if the league succeeds."

So far, LIV is on track with its bankruptcy plans. On Sept. 9, it received **interim approval** of its first-day motions, including access to $14 million in debtor-in-possession financing from the Saudi wealth fund.

"These interim approvals mark important momentum in this process," LIV Golf CEO Scott O'Neil said in a statement following the Sept. 9 hearing. "With the court's support, we can advance toward a recapitalization transaction with BC Partners, a strong, committed partner for LIV Golf's future."

Representatives of BC Partners didn't respond to requests for comment.

LIV is represented by Scott J. Greenberg, Matthew J. Williams, Keith R. Martorana, Robert E. Fitzgerald, Tommy Scheffer and Ryan Beil of Gibson Dunn & Crutcher LLP and Michael D. Sirota, Warren A. Usatine, Seth Van Aalten, Anthony De Leo and Matteo Percontino of Cole Schotz PC.

The Public Investment Fund of the Kingdom of Saudi Arabia is represented by Seth H. Lieberman and Andrew S. Richmond of Pryor Cashman LLP and Scott Greissman, Kimberly A. Havlin, Gregory F. Pesce, Elizabeth Feld and Andrea Kropp of White & Case LLP.

BC Partners is represented by Jeffrey Cohen, Michael S. Etkin and Nicole Fulfree of Lowenstein Sandler LLP, Ronald J. Friedman and Douglas Schneller of Rimon PC, and James H.M. Sprayregen, Robert A. Britton, Douglas R. Keeton and Mitchell Mengden of Paul Weiss Rifkind Wharton & Garrison LLP.

The U.S. Trustee's Office is represented by its own Jeffrey M. Sponder.

The case is In re: LIV Golf Inc. et al., case number 3:26-bk-20190, in the U.S. Bankruptcy Court for the District of New Jersey.

--Editing by Covey Son.