Sports Properties Acquisition Corp.
Form 10-Q
August 13, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended June 30, 2009

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______

Commission file number 001-33918

SPORTS PROPERTIES ACQUISITION CORP.

(Exact name of registrant as specified in its charter)

DELAWARE	**74-3223265**
(State of Incorporation)	**(IRS Employer Identification No.)**

437 MADISON AVENUE, NEW YORK, NEW YORK 10022

(Address of principal executive offices) (Zip Code)

(212) 328-2100

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.05 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	¨	Accelerated Filer	¨
Non-Accelerated Filer	x	Smaller Reporting Company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes x No ¨

The number of outstanding shares of the registrant s common stock on August 12, 2009 was 26,945,371 shares.

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This report contains forward-looking statements relating to future events and our future performance within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding our expectations, beliefs, intentions, or future strategies that are signified by the words, expects, anticipates, intends, believes, or similar language. Actual results could differ materially from those anticipated in such forward-looking statements. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any forward-looking statements. We caution investors that our business and financial performance are subject to substantial risks and uncertainties.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SPORTS PROPERTIES ACQUISITION CORP.

(a corporation in the development stage)

Balance Sheets

	June 30, 2009 (unaudited)	December 31, 2008
Assets		
Current assets		
Cash	$ 709,855	$ 1,233,134
Cash and cash equivalents trust account	214,990,891	215,200,539
Prepaid expenses	202,220	420,163
Deferred tax asset	533,285	
Total assets	**$ 216,436,251**	**$ 216,853,836**
Liabilities and stockholders equity		
Current liabilities		
Accrued expenses	$ 824,261	$ 260,508
Deferred underwriters fees	9,296,154	9,296,154
Due to affiliate	53,862	
Total current liabilities	**10,174,277**	**9,556,662**
Common stock , subject to possible redemption, 6,466,888 shares, at redemption value (note 1)	64,668,880	64,668,880
Commitments		
Stockholders equity		
Preferred stock, $0.001 par value, 1,000,000 shares authorized; none issued and outstanding		
Common stock, $0.001 par value, 100,000,000 shares authorized; 26,945,371 shares issued and outstanding	26,945	26,945
Additional paid-in capital	141,448,369	141,448,369
Earnings accumulated during the development stage	117,780	1,152,980
Total stockholders equity	**141,593,094**	**142,628,294**
Total liabilities and stockholders equity	**$ 216,436,251**	**$ 216,853,836**

The accompanying notes should be read in conjunction with the financial statements.

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SPORTS PROPERTIES ACQUISITION CORP.

(a corporation in the development stage)

Statements of Operations

(unaudited)

	For the Three Months Ended June 30, 2009	For the Three Months Ended June 30, 2008	For the Six Months Ended June 30, 2009	For the Six Months Ended June 30, 2008	For the period from July 3, 2007 (Inception) to June 30, 2009
Interest income	**$ 44,310**	$ 1,134,942	**$ 83,109**	$ 2,457,119	**$ 3,748,654**
Professional fees	**335,280**		**410,581**		**1,283,201**
Legal expense paid to related party	**627,927**	42,852	**633,737**	42,852	**705,943**
Franchise tax expense	**234,381**		**405,381**		**500,509**
Insurance expense	**27,373**	27,372	**54,745**	50,182	**159,672**
Administrative fees paid to affiliate	**22,500**	22,500	**45,000**	41,250	**131,250**
Organization costs and other operating expenses	**50,188**	11,358	**102,150**	17,965	**437,898**
Total expenses	**1,297,649**	104,082	**1,651,594**	152,249	**3,218,473**
Income (loss) before income taxes	**(1,253,339)**	1,030,860	**(1,568,485)**	2,304,870	**530,181**
Provision (benefit) for income taxes	**(427,128)**	568,164	**(533,285)**	1,040,256	**412,401**
Net income (loss)	**$ (826,211)**	$ 462,696	**$ (1,035,200)**	$ 1,264,614	**$ 117,780**
Net income (loss) per share basic and diluted	**$ (0.03)**	$ 0.02	**$ (0.04)**	$ 0.05	
Weighted average shares outstanding basic and diluted	**26,945,371**	26,945,371	**26,945,371**	24,214,291	

The accompanying notes should be read in conjunction with the financial statements.

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SPORTS PROPERTIES ACQUISITION CORP.

(a corporation in the development stage)

Statements of Stockholders Equity

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Earnings (Deficit) Accumulated During the Development Stage	Total Stockholders Equity
Balance at July 3, 2007 (Inception)		**$**	**$**	**$**	**$**
Issuance of common stock on September 12, 2007 at $0.01 per share for cash	5,750,000	5,750	51,750		57,500
Net loss				(8,347)	(8,347)
Offering expenses contributed by affiliate			144,504		144,504
Balance at December 31, 2007	**5,750,000**	**5,750**	**196,254**	**(8,347)**	**193,657**
Net income				1,161,327	1,161,327
Issuance of 6,000,000 warrants on January 17, 2008 at $1.00 per warrant for cash			6,000,000		6,000,000
Issuance of 20,000,000 units (1 share of common stock and 1 warrant) to public stockholders on January 24, 2008 at $10 per unit for cash, net of offering costs and shares subject to redemption	20,000,000	20,000	125,576,857		125,596,857
Issuance of 1,556,300 units (1 share of common stock and 1 warrant) to public stockholders on February 1, 2008 at $10 per unit for cash, net of offering costs	1,556,300	1,556	9,674,897		9,676,453
Forfeiture of 360,929 shares of common stock owned by founders, at no cost, on February 1, 2008, related to underwriters overallotment not being fully exercised	(360,929)	(361)	361		
Balance at December 31, 2008	**26,945,371**	**26,945**	**141,448,369**	**1,152,980**	**142,628,294**
Net loss unaudited				(1,035,200)	(1,035,200)
Balance at June 30, 2009 unaudited	**26,945,371**	**$ 26,945**	**$ 141,448,369**	**$ 117,780**	**$ 141,593,094**

The accompanying notes should be read in conjunction with the financial statements.

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SPORTS PROPERTIES ACQUISITION CORP.

(a corporation in the development stage)

Statements of Cash Flows

(unaudited)

	For the Six Months Ended June 30, 2009	For the Six Months Ended June 30, 2008	For the period from July 3, 2007 (Inception) to June 30, 2009
Cash flows from operating activities			
Net income (loss)	$ (1,035,200)	$ 1,264,614	$ 117,780
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities			
(Increase) decrease in prepaid expenses	217,943	(68,244)	(202,220)
Increase in deferred tax asset	(533,285)		(533,285)
Increase (decrease) in accrued expenses	563,753	1,039,656	824,261
Organizational expenses paid by affiliate			7,703
Net cash provided by (used for) operating activities	**(786,789)**	**2,236,026**	**214,239**
Cash flows from investing activities			
Proceeds and earnings invested in trust account	(83,109)	(217,601,863)	(218,893,398)
Transfers from trust account to operating account	292,757		3,902,507
Net cash provided by (used for) investing activities	**209,648**	**(217,601,863)**	**(214,990,891)**
Cash flows from financing activities			
Proceeds from sale of stock and warrants public offering of units		215,563,000	215,563,000
Proceeds from sale of warrants private offering to founders		6,000,000	6,000,000
Payment of offering costs, net		(5,883,988)	(5,942,594)
Proceeds from (repayment of) note payable and due to affiliate	53,862	(445,261)	(191,399)
Proceeds from sale of stock private offering to founders			57,500
Net cash provided by financing activities	**53,862**	**215,233,751**	**215,486,507**
Net increase (decrease) in cash	**(523,279)**	**(132,086)**	**709,855**
Cash at beginning of period	1,233,134	198,250	
Cash at end of period	**$ 709,855**	**$ 66,164**	**$ 709,855**
Supplemental schedule of non-cash financing activities			
Deferred underwriters fees	$	$ 9,296,154	$ 9,296,154
Accrual of deferred offering costs			
Offering expenses contributed by affiliate			144,504

Supplemental information			
Cash paid during the period for income taxes	$ 70,000	$ 600	$ 1,430,600

The accompanying notes should be read in conjunction with the financial statements.

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SPORTS PROPERTIES ACQUISITION CORP.

(a corporation in the development stage)

Notes to Financial Statements

June 30, 2009

Note 1 Organization and Nature of Business Operations

Sports Properties Acquisition Corp., a development stage company, (the Company) was incorporated in Delaware on July 3, 2007 for the purpose of effecting a merger, capital stock exchange, stock purchase, asset acquisition, or other similar business combination with one or more existing operating businesses in the sports and entertainment industries.

At June 30, 2009, the Company had limited operations. All activity through January 24, 2008 related to the Company s formation and public offering (the Offering) as described below, and subsequent to the Offering included efforts to identify potential Business Combination targets.

The Company s registration statement was declared effective on January 17, 2008, and the offering was closed on January 24, 2008. Upon closing of the Offering, 100% of the proceeds ($200,000,000) of the offering was placed in a Trust Account invested until the earlier of (i) the consummation of the Company s first Business Combination or (ii) the liquidation of the Company. The proceeds in the Trust Account include the deferred underwriting discount of $8,625,000 that will be released to the underwriters on completion of a Business Combination (subject to an approximately $0.43 per share reduction for public stockholders who exercise their conversion rights). Interest (net of taxes) earned on assets held in the Trust Account will remain in the Trust Account. However, $2,250,000 of the interest earned on the Trust Account (which is net of taxes payable on interest earned in the Trust Account) was released during 2008 to the Company to cover a portion of the Company s operating expenses.

On January 29, 2008, the underwriters informed the Company they had exercised the over-allotment option in part, for 1,556,300 units of the 3,000,000 total units subject to the over-allotment option, and had waived their right to exercise the over-allotment option with respect to any additional units. This transaction closed on February 1, 2008. The exercise price was $10 per unit and resulted in net proceeds of $15,144,744, inclusive of the deferred underwriting fees of $671,154, which amount was placed in the Trust Account. This exercise resulted in the forfeiture of 360,929 founder shares, at no cost to the Company, leaving the founders with 5,389,071 shares, and Medallion s ownership position at 18%.

The Company s management has broad discretion with respect to the specific application of the net proceeds of the Offering, although substantially all of the net proceeds are intended to be applied toward effecting a merger, capital stock exchange, stock purchase, asset acquisition, or other similar business combination. As used herein, a Business Combination shall mean the acquisition of one or more businesses that at the time of the Company s initial business combination have a fair value of at least 80.0% of the Company s assets held in the Trust Account (the Trust Account), excluding the deferred underwriting discounts and commissions from the offering of $9,296,154, and taxes payable.

The Company will seek stockholder approval before it will consummate any Business Combination. The Company will proceed with a Business Combination only if a majority of the shares of common stock sold as part of the units in the Offering or in the aftermarket (the Public Stockholders) are voted in favor of the Business Combination and Public Stockholders owning no more than 29.9% of the shares sold in the Public Offering vote against the Business Combination and exercise their right to convert their shares into a pro rata share of the aggregate amount then on deposit in the Trust Account (up to 6,466,888 shares at $10 per share, or $64,668,880), and a majority of the outstanding shares of the Company s common stock vote in favor of an amendment to the Company s amended and restated certificate of incorporation to provide for its perpetual existence.

Public Stockholders voting against a Business Combination will be entitled to convert their stock into a pro rata share of the total amount on deposit in the Trust Account including the deferred underwriter s discount, and including any interest earned on their portion of the Trust Account, net of $2,250,000 of the net interest income earned on the Trust Account which was released to the Company to cover a portion of the Company s operating expenses and income taxes payable, if a Business Combination is approved and completed. Public Stockholders who convert their stock into their share of the Trust Account will continue to have the right to exercise any warrants they may hold.

The Company will liquidate and promptly distribute only to its Public Stockholders the amount in the Trust Account, less any income taxes payable on interest income, plus any remaining net assets, if the Company does not consummate a Business Combination by January 17, 2010. The Company will not have sufficient available funds (outside of the trust account) to operate through January 17, 2010, or to pursue potential target acquisitions without needing to raise additional funds from the Company s initial stockholders, sponsor, officers, directors or other available sources. The Company has no commitments for such borrowings at this time and there is no assurance that the Company will be able to raise additional funds needed to meet the expenditures required for operating its business through January 17, 2010. These factors raise substantial doubts about the Company s ability to continue as a going concern. The financial statements do not include any adjustment that may result from the outcome of this uncertainty. In the event of liquidation, it is likely that the per share value of the residual assets remaining available for distribution (including assets held in the Trust Account) will be less than initial public offering price per share sold in the Public Offering (assuming no value is attributed to the Warrants contained in the Units sold in the Public Offering).

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Note 2 Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited financial statements of the Company have been prepared in accordance with Rule 10-1 of Regulation S-X promulgated by the Securities and Exchange Commission and, accordingly, do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States. In the opinion of the Company, however, these financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the Company s financial position and results of operations as of June 30, 2009, and the results of its operations for the three and six months ended June 30, 2009 and for the period from July 3, 2007 (date of inception) to June 30, 2009. The results of operations for these periods are not necessarily indicative of the results of operations to be expected for a full fiscal year. These financial statements should be read in conjunction with the financial statements that were included in the Company s Annual Report on Form 10-K for the period ended December 31, 2008.

Net Income (Loss) per Common Share

Net income (loss) per share basic and diluted is computed by dividing the net income (loss) applicable to common stockholders by the weighted average number of common shares outstanding for the period. Warrants have not been considered in the calculation of net income (loss) per share because the shares underlying the warrants are contingently issuable.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original purchased maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents and short-term investments. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company does not believe the cash equivalents held in the Trust Account are subject to significant credit risk as the portfolio is invested in money market funds that invest in securities of the United States government.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. All of these estimates reflect management s judgment about current economic and market conditions and their effects based on information available as of the date of these financial statements. If such conditions persist longer or deteriorate further than expected, it is reasonably possible that the judgments and estimates could change.

Income Taxes

The Company has recorded income taxes of $945,686 ($594,868 for federal taxes and $350,818 for state and local taxes) at the statutory rate for net income earned through December 31, 2008. Deferred income taxes are provided for the differences between the bases of assets and liabilities for financial reporting and income tax purposes. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company recorded deferred tax assets of $533,285 at June 30, 2009, resulting from net operating losses sustained in the 2009 second quarter, all of which is expected to be refundable by application against taxes paid in 2008. The 2008 effective tax rate of 44.9% differed from the statutory rate of 34% due to state and city taxes. Included in prepaid expenses on the balance sheet is $142,914 and $414,914 of estimated taxes paid as of June 30, 2009 and December 31, 2008, reflecting payments made in excess of the Company s estimated tax liability.

Deferred Offering Costs

Deferred offering costs consist of legal fees, consulting fees paid to certain founding stockholders, and accounting fees, and other administrative costs incurred through the balance sheet date that relate to the Offering and that were charged to stockholders equity upon completion of the Offering.

Fair Value of Assets and Liabilities

The Company adopted Statement of Accounting Standards No. 157, Fair Value Measurements (SFAS No. 157) in the 2008 first quarter, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. While SFAS No. 157 does not require any new fair value measurements, it applies under other pronouncements that require or permit fair value measurements, such as SFAS No. 107, 133, 150, 155, and 156. SFAS No. 157 clarifies the definition of fair value as an exit price (i.e. a price that would be received to sell, as opposed to acquire, an asset or transfer a liability), and emphasizes that fair value is a market-based measurement. It establishes a fair value hierarchy that distinguishes between assumptions developed based on market data obtained from independent external sources and the reporting entities own assumptions. Further, it specifies that fair value measurement should consider adjustment for risk, such as the risk inherent in the valuation technique or its inputs. For assets and liabilities measured at fair value, SFAS No. 157 expands the required disclosures concerning the inputs used to measure fair value.

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Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I Quoted prices are available in active markets for identical investments as of the reporting date

Level II Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies

Level III Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment

As of June 30, 2009 and December 31, 2008, the Company s cash and cash equivalents are classified as Level I.

Recently Issued Accounting Pronouncements

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 166 (SFAS No. 166), Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140, which among other things, removes the concept of a qualifying special-purpose entity, and changes the requirements for derecognizing financial assets. Additionally, SFAS No. 166 requires additional disclosures about transfers of financial assets, including securitization transactions and areas where companies have continued exposure to the risks related to transferred financial assets. SFAS No. 166 is effective for annual reporting periods beginning after November 15, 2009. The Company does not expect the adoption of SFAS No. 166 to have a material impact on its financial condition or results of operations.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 167 (SFAS No. 167), Amendments to FASB Interpretation No. 46(R), which, among other things, (i) require an entity to perform an analysis to determine whether an entity s variable interest or interests give it a controlling financial interest in a variable interest entity; (ii) require ongoing reassessments of whether an entity is the primary beneficiary of a variable interest entity, and eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity; (iii) amend certain guidance for determining whether an entity is a variable interest entity; and (iv) require enhanced disclosure that will provide users of financial statements with more transparent information about an entity s involvement in a variable interest entity. SFAS No. 167 is effective for interim and annual periods beginning after November 15, 2009. The Company does not expect the adoption of SFAS No. 167 to have a material impact on its financial condition or results of operations.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 168 (SFAS No. 168), The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162. SFAS No. 168 identifies the sources of authoritative accounting principles and the framework for selecting the principles used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles in the US. The Company is required to adopt the provisions of SFAS No. 168 for its interim period ending September 30, 2009. The Company does not expect the adoption of SFAS No. 168 to have a material impact on its financial condition or results of operations.

In April 2009, the FASB issued FSP No. FAS 141(R)-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies. The FSP amends and clarifies SFAS 141 (revised 2007), Business Combinations, to address application issues raised by preparers, auditors, and members of the legal profession on initial recognition and measurement, subsequent measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. The pronouncement is effective for assets and liabilities arising from contingencies in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company does not believe that this pronouncement will have a material impact on its financial condition or results of operations.

In April 2008, the FASB issued FSP No. FAS 142-3, Determination of the Useful Life of Intangible Assets (FAS 142-3), which amends the factors that should be considered in developing renewal or extension assumptions used for purpose of determining the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142). FAS 142-3 is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R), Business Combinations, and other US generally accepted accounting principles. FAS 142-3 is effective for fiscal years beginning after December 15, 2008. Earlier application is not permitted. The Company believes the impact of adopting FAS 142-3 will not have a material effect on the Financial Statements.

Note 3 Initial Public Offering

On January 24, 2008, the Company consummated its initial public offering of 20,000,000 units (the Units) at a price of $10.00 per unit, for gross proceeds of $200,000,000, which were netted against offering expenses of $14,475,840, which resulted in net proceeds of $185,524,160, which was placed in the Trust Account. In addition, the Company s underwriters exercised the over-allotment option for 1,556,300 units of the 3,000,000 total units subject to the over-allotment option, and waived their right to exercise the over-allotment option with respect to any additional units on February 1, 2008. The exercise was at $10 per unit and resulted in net proceeds of $15,144,744, inclusive of the deferred underwriting fees of $671,154, which amount was placed in the Trust Account. Each Unit consists of one share of the Company s common stock, $0.001 par value, and one warrant. Each warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of $7.00, payable in readily available funds or through a net cashless exercise, commencing upon the later of the completion of a Business Combination or January 17, 2009, and expiring January 17, 2012, unless earlier redeemed. The warrants, including any warrants held by the underwriter, will be redeemable at the Company s option, at a price of $0.01 per warrant upon 30 days written notice after the warrants become exercisable, only in the event that the last sale price of the common stock is at least $14.25 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given.

If the Company calls the warrants for redemption, it will have the option to require all holders that exercise their warrants to do so on a cashless basis. In such event, each holder would pay the exercise price by surrendering the warrants for that number of shares of common stock equal to the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the fair market value by (y) the fair market value. The fair market value shall mean the average reported last sale price of the common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants.

In accordance with the warrant agreement relating to the warrants sold as part of the units in the Offering, the Company is only required to use its best efforts to maintain the effectiveness of a registration statement for the shares underlying the warrants. If a registration statement is not effective, the Company cannot redeem the warrants. The Company will not be obligated to deliver securities, and there are no contractual penalties for failure to deliver securities, if a registration statement is not effective at the time of exercise. Additionally, in the event that a registration is not effective at the time of exercise, the holder of such warrant shall not be entitled to exercise such warrant and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle the warrant exercise. Consequently, the warrants may expire unexercised and unredeemed.

The Company agreed to pay the underwriters in the Offering an underwriting discount of 7%, of which 2.6875% was paid from the gross proceeds of the Offering, and the underwriters have agreed that the remaining 4.3125% ($9,296,154) of the underwriting discount will not be payable unless and until the Company completes a Business Combination, and have waived their right to receive such payment upon the Company s liquidation if it is unable to complete a Business Combination. The underwriters reimbursed the Company for $500,000 of offering expenses.

Note 4 Note Payable to Affiliate, Related Party Transactions, and Commitments

The Company issued a $200,000 unsecured promissory note to Medallion, its sponsor, on September 4, 2007. The note was non-interest bearing and was repaid on the consummation of the offering by the Company. Due to the short-term nature of the note, the carrying value of the note approximated fair value. As of June 30, 2009, Medallion owned 18% of the outstanding equity interests in the Company, with the balance held primarily by the public stockholders. In addition, Medallion paid $576,967 on the Company s behalf for various organizational, offering and operating expenses, $423,602 which has been reimbursed by the Company to Medallion, $144,504 which has been recorded as additional paid-in capital at December 31, 2008, and $8,861 which is owed to Medallion.

The Company incurred legal fees of $1,118,571 ($412,628 of which was charged to stockholders equity upon completion of the Offering) during the period from July 3, 2007 (inception) to June 30, 2009 with a law firm in which a member of the Company s Board of Directors is senior counsel.

The Company presently occupies office space provided by Medallion, which has agreed that until the Company consummates a Business Combination, it will make such office space as may be required, as well as certain office and secretarial services, available to the Company. The Company has agreed to pay $7,500 a month in total for office space and general and administrative services to Medallion. Services commenced on the effective date of the offering and will terminate upon the earlier of (i) the completion of the Business Combination, or (ii) the Company s liquidation.

Certain officers and directors of Medallion are also officers and directors of the Company.

Pursuant to letter agreements which the founding stockholders entered into with the Company and the underwriters, the founding stockholders waived their rights to receive distributions with respect to their founding shares should the Company be liquidated.

Medallion has agreed that it will be liable to ensure that the proceeds in the Trust Account are not reduced by the claims of target businesses or claims of vendors, service providers, providers of financing, or other entities that are owed money by the Company for services or financing rendered or contracted for, or for products sold to the Company.

In the event of liquidation, the Company will pay the costs of liquidation from the remaining assets outside of the Trust Account. To the extent such funds are not available, Medallion has agreed to provide the Company the necessary funds (currently anticipated to be no more than approximately $150,000 in the event that the Company s corporate existence ceases by operation of law), and has agreed not to seek repayment for such expenses. At June 30, 2009, the Company s liabilities exceeded its cash on hand by $114,406, and in addition, the Company owed Medallion $53,862. If the Company does not consummate a business combination its intention is to negotiate these liabilities downwards, seeking forbearance from those associated with a failed deal. However, since the results of such negotiations cannot be anticipated, Medallion has accrued $115,000 to cover the Company s shortfall. Additionally, it is anticipated that Medallion will continue to fund any operating cash shortfall until such time as the Company is liquidated or a business combination is consummated. In the latter occurrence, it is further anticipated that Medallion will be fully reimbursed from the operating cash of the newly formed successor entity. The Company is actively evaluating prospective acquisition targets. Management currently believes that there are economically viable opportunities that will allow the Company to consummate a business transaction by January 17, 2010.

Medallion, the Company s primary stockholder, acquired 5,900,000 warrants to purchase 5,900,000 shares of common stock from the Company and Tony Tavares, the Company s President and Chief Executive Officer, acquired 100,000 warrants to purchase 100,000 shares of common stock from the Company, in each case, at a price of $1.00 per warrant for a total of $6,000,000 in a private placement just prior to the completion of the Offering. Medallion and Tony Tavares have each further agreed that they will not sell or transfer these warrants until after the Company consummates a Business Combination.

The purchase price of $1.00 per warrant for the private placement warrants exceeded the fair value of such warrants on the date of purchase and, accordingly, no compensation expense was recognized with respect to the issuance of the founder warrants.

The Company s founding stockholders are entitled to require the Company to register their shares of common stock and shares of common stock underlying warrants at any time after their shares of common stock or warrants are released from escrow, which will not be before one year from the consummation of a business combination, provided that, if, after the consummation of a business combination, the surviving entity of such business combination subsequently consummates a liquidation, merger, stock exchange or other similar transaction which results in all of the stockholders of such entity having the right to exchange their shares of common stock for cash, securities or other property, then such shares or warrants may be released in order to enable holders of such founder warrants to participate in such exchange. In addition, the founding stockholders and the holders of the founder warrants (or underlying securities) have certain piggy-back registration rights on registration statements filed after the Company s consummation of a Business Combination.

Note 5 Common Stock

On September 12, 2007, the Company issued 5,750,000 shares for $57,500 in cash, for a purchase price of $0.01 per share to the founding stockholders. On January 24, 2008, the Company issued 20,000,000 units, which included 20,000,000 shares of common stock and 20,000,000 warrants for a purchase price of $10 per unit. On February 1, 2008, the Company s underwriters exercised the over-allotment option for 1,556,300 units of the 3,000,000 total units subject to the over-allotment option, and waived their right to exercise the over-allotment option with respect to any additional units, resulting in the forfeiture of 360,929 founder shares, at no cost to the Company. As of June 30, 2009, 26,945,371 shares of common stock are outstanding, approximately 18% held by Medallion, and the balance held primarily by the public stockholders.

On September 25, 2007, the Company s Board of Directors and stockholders approved an increase in the authorized common shares from 50,000,000 to 100,000,000, and provided for the liquidation of the Trust Account in the event the Company does not consummate a Business Combination by January 17, 2010. The amended and restated certificate of incorporation reflecting the approved increase in the number of shares of common stock and term of corporate existence was filed with the Secretary of State in the State of Delaware on January 17, 2008.

Note 6 Preferred Stock

The Company is authorized to issue 1,000,000 shares of $0.001 par value preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

Note 7 Subsequent Events

The Company has evaluated subsequent events that have occurred through August 13, 2009, the date of financial statement issuance.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Overview

We are a blank check company organized under the laws of the State of Delaware on July 3, 2007. We were formed to acquire, through a merger, capital stock exchange, asset or stock acquisition, exchangeable share transaction or other similar business combination, one or more businesses in the sports, leisure or entertainment industries. We intend to utilize cash derived from the proceeds of our initial public offering, our capital stock, debt, or a combination of cash, capital stock and debt, in effecting a business combination. The issuance of additional shares of our capital stock:

- may significantly reduce the equity interest of our stockholders;

may subordinate the rights of holders of common stock if preferred stock is issued with rights senior to those afforded to the holders of our common stock;

will likely cause a change in control if a substantial number of our shares of common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and most likely will also result in the resignation or removal of our present officers and directors; and

may adversely affect prevailing market prices for our common stock.

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Similarly, if we incur substantial debt, it could result in:

- default and foreclosure on our assets if our operating cash flow after a business combination is insufficient to pay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we have made all principal and interest payments when due if the debt security contains covenants that require the maintenance of certain financial ratios or reserves and any such covenant is breached without a waiver or renegotiation of that covenant;
- our immediate payment of all principal and accrued interest, if any, if the debt security is payable on demand;
- covenants that limit our ability to acquire capital assets or make additional acquisitions;
- our inability to obtain additional financing, if necessary, if the debt security contains covenants restricting our ability to obtain additional financing while such security is outstanding;
- our inability to pay dividends on our common stock;
- using a substantial portion of our cash flow to pay principal and interest on our debt, which will reduce the funds available for dividends on our common stock, working capital, capital expenditures, acquisitions and other general corporate purposes;
- limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate;
- our stockholders receiving less than $10.00 per share from the trust account upon liquidation if such debt is incurred prior to consummation of a business combination and the trust account is subsequently liquidated;
- increased vulnerability to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation; and
- limitations on our ability to borrow additional amounts for working capital, capital expenditures, acquisitions, debt service requirements, execution of our strategy and other purposes; and other disadvantages compared to our competitors who have less debt.

Results of Operations and Liquidity

The following discussion should be read in conjunction with our financial statements and the notes to those statements and other financial information appearing elsewhere in this report.

Our entire activity since inception has been limited to organizational activities, activities relating to our initial public offering and, since our initial public offering, activities relating to identifying and evaluating prospective acquisition targets. We have neither engaged in any operations nor generated any revenues to date, other than interest income earned on the proceeds of our initial public offering.

Interest income on the trust account was $44,310 and $83,109 for the 2009 second quarter and six months, compared to $1,134,942 and $2,457,119 for the comparable 2008 periods, reflecting the changes in rates earned on the Trust investments. Operating expenses were $1,297,649 and $1,651,594 for the 2009 periods, compared to $104,082 and $152,249 for 2008, primarily reflecting the costs with identifying and negotiating with potential acquisition targets. The increase reflects the level of activity during the current year, compared to the Company s initiation and commencement of these activities during 2008. Income tax benefits of $427,128 and $533,285 were provided during 2009, compared to tax provisions of $568,164 and $1,040,256 for 2008. As a result of the above, the Company had net losses of $826,211 or $0.03 per share and $1,035,200 or $0.04 per share for the 2009 second quarter and six months, compared to net income of $462,696 or $0.02 per share and $1,264,614 or $0.05 per share for the comparable 2008 periods.

On January 24, 2008, we consummated our initial public offering of 20,000,000 units. Each unit issued in our initial public offering consists of one share of common stock, $.001 par value per share, and one warrant to purchase one share of common stock at $7.00 per share. The units were sold at an offering price of $10.00 per unit, generating aggregate gross proceeds of $200,000,000. Of the $200,000,000 gross proceeds, $194,000,000, including deferred underwriters discounts and commissions of $8,625,000, was deposited into a trust account. Prior to the initial public offering, we issued 6,000,000 warrants at a purchase price of $1.00 per warrant to certain of our founding stockholders in a private placement for aggregate proceeds of $6,000,000, which were also placed into the trust account. On February 1, 2008 we sold an additional 1,556,300 units which were subject to the overallotment option of the underwriters in our initial public offering. The sale of these units resulted in total proceeds of approximately $15,144,744, net of the underwriters discounts and commissions, but including deferred underwriters discounts and commissions of approximately $671,154. This amount was also deposited into the trust account, resulting in a total amount held in trust of approximately $215,144,744, exclusive of any interest earned by such trust account.

The funds held in the Trust Account are currently invested in money market funds meeting the criteria under Rule 2a-7 under the 1940 Act. We also have the option to invest the funds in Treasury Bills issued by the United States government having a maturity of 180 days or less. Interest earned will be applied in the following order of priority:

- payment of taxes on Trust Account interest;

- our working capital requirements before we complete a business combination, to a maximum of $2,250,000, and, if necessary, funding up to $50,000 of the costs of our potential dissolution and liquidation; and

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the balance, if any, to us if we complete a business combination or to our public stockholders if we do not complete a business combination.

We believed that the interest earned on Trust Account funds in the period before we consummated a business combination would be sufficient to fund our operations and costs relating to the acquisition of a target business or to fund the costs and expenses relating to our liquidation and dissolution if we did not consummate a business combination. However, at June 30, 2009, the Company s liabilities exceeded its cash on hand by $114,406, and in addition, the Company owed Medallion $53,862. If the Company does not consummate a business combination, its intention is to negotiate these liabilities downwards, seeking forbearance from those associated with a failed deal. However, since the results of such negotiations cannot be anticipated, Medallion has accrued $115,000 to cover the Company s shortfall. Additionally, it is anticipated that Medallion will continue to fund any operating cash shortfall until such time as the Company is liquidated or a business combination is consummated. In the latter occurrence, it is further anticipated that Medallion will be fully reimbursed from the operating cash of the newly formed successor entity.

We will not have sufficient available funds (outside of the Trust Account) to operate through January 17, 2010, or to pursue potential target acquisitions without needing to raise additional funds from our initial stockholders, sponsor, officers, directors or other available sources. We have no commitments for such borrowings at this time and there is no assurance that we will be able to raise additional funds needed to meet the expenditures required for operating our business through January 17, 2010.

We expect to use substantially all of the net proceeds of our initial public offering and the private placement to acquire a target business, including payment of expenses we incur in identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating the business combination. To the extent that we use debt or equity securities as consideration in a business combination and do not use all of the funds in the trust account, we will use the remaining trust account funds to finance the operations of the target business.

The credit markets are undergoing a crisis which has disrupted a wide range of traditional financing sources. The crisis has made it increasingly difficult and significantly more expensive through higher credit spreads for companies to obtain and renew financing. Continued turmoil in the credit markets could limit our access to funds and could have a negative impact on our ability to complete a business combination.

Critical Accounting Policies

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Contractual Obligations

We did not have any long term debt, capital lease obligations, operating lease obligations, purchase obligations or other long term liabilities. On January 17, 2008, we entered into a services agreement with Medallion Financial Corp. requiring us to pay $7,500 per month. The agreement terminates on the earlier of the completion of a business combination or upon our dissolution. In June 2008 we entered into a consulting agreement with Game Plan LLC whereby Game Plan LLC has agreed to provide consulting services to us in connection with identifying a target business in the sports, entertainment and leisure industries and consummating a business combination with such a target business. The agreement continues on a month to month basis until terminated under the terms of the agreement. In June 2008 we also entered into a consulting agreement with Graidan Ventures LLC whereby Graidan Ventures LLC has agreed to help us identify a target business in the sports, entertainment and leisure. The agreement has an initial term of eight months with additional successive terms of three months until terminated under the terms of the agreement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the sensitivity of income to changes in interest rates, foreign exchanges, commodity prices, equity prices, and other market-driven rates or prices. We are not presently engaged in and, if a suitable business target is not identified by us prior to the prescribed liquidation date of the trust account, we may not engage in, any substantive commercial business. Accordingly, we are not and, until such time as we consummate a business combination, we will not be, exposed to risks associated with foreign exchange rates, commodity prices, equity prices or other market-driven rates or prices. We are subject to interest rate fluctuation risk on the earnings in the trust account which was funded in January 2008.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2009. There was no change in internal control over financial reporting which occurred during the quarter ended June 30, 2009 that has materially affected, or is reasonably likely to materially affect, such internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There is no litigation currently pending or, to our knowledge, contemplated against us or any of our officers or directors in their capacity as such.

ITEM 1A. RISK FACTORS

Risks Related to Our Business

We are a development stage company with no operating history and, accordingly, there is no basis on which to evaluate our ability to achieve our business objective.

We are a recently incorporated development stage company with no operating results to date other than organizational activities and activities related to locating a business combination target. Since we have had very limited operations since our initial public offering, other relating principally to commencement of our search for a business combination, you have an extremely limited basis upon which to evaluate our ability to achieve our business objective, which is to acquire one or more operating businesses in the sports, leisure or entertainment industries. We will not generate any significant revenues or income until, at the earliest, after the consummation of a business combination.

We will liquidate if we do not consummate a business combination.

Pursuant to our amended and restated certificate of incorporation, we have until January 17, 2010 to complete a business combination. If we fail to consummate a business combination within the required time frame, our corporate existence will, in accordance with our amended and restated certificate of incorporation, cease except for the purposes of winding up our affairs and liquidating. We may not be able to find suitable target businesses within the required time frame. In addition, our negotiating position and our ability to conduct adequate due diligence on any potential target may be reduced as we approach the deadline for the consummation of a business combination. We do not have any specific business combination under consideration. We view this obligation to liquidate as an obligation to our stockholders and that investors will make an investment decision, relying, at least in part, on this provision. Thus, without the affirmative vote cast at a meeting of stockholders of at least 95% of the common stock issued in our initial public offering, neither we nor our board of directors will take any action to amend or waive any provision of our amended and restated certificate of incorporation to allow us to survive for a longer period of time. In addition, we will not support, directly or indirectly, or in any way endorse or recommend, that stockholders approve an amendment or modification to such provision if it does not appear we will be able to consummate a business combination within the foregoing time periods. Our founding stockholders have waived their rights to participate in any liquidation distribution with respect to the shares of common stock owned by each of them prior to our initial public offering or acquired in the private placement, including the shares of common stock underlying the founder warrants. There will be no distribution from the trust account with respect to the founder warrants which will expire worthless. We will pay the costs of liquidation, which we currently estimate to be up to $50,000, from our remaining assets held outside of the trust account. In addition, Medallion has agreed to indemnify us for all claims of any vendors, service providers, providers of financing or other entities that are owed money by us for services or financing provided or contracted for, or products sold to us or the claims of any target businesses to the extent that we fail to obtain valid and enforceable waivers from such vendors, service providers, prospective target business, providers of financing or other entities in order to protect the amounts held in trust.

There are no assurances that certain provisions of our amended and restated certificate of incorporation will not be amended other than in connection with the consummation of a business combination.

We believe that a vote to amend or waive any provision of our amended and restated certificate of incorporation would likely take place only to allow additional time to consummate a pending business combination. We view these provisions to be obligations to our stockholders and we believe that investors will make an investment decision relying, at least in part, on these provisions. Although we are contractually obligated not to amend or waive these provisions pursuant to the underwriting agreement that we entered into with the underwriters in connection with our initial public offering, we cannot assure you that other provisions of our amended and restated certificate of incorporation will not be amended or waived by the affirmative vote cast at a meeting of stockholders of at least 95% of the common stock issued in our initial public offering.

Such an amendment or waiver may result in changes to other provisions to which we do not intend to propose any amendment and that we view as obligations to our stockholders, and in reliance upon which we believe that investors will make an investment decision, including the requirement that a target business have a fair market value of at least 80% of our net assets held in trust (net of taxes and other than the portion representing our underwriters deferred discount) at the time of such acquisition, the conversion rights of public stockholders or the requirement that a business combination may not proceed if 30% or more of public stockholders both vote against a business combination and exercise their conversion rights. If such an amendment or waiver were approved, we would be able to enter into a business combination that is less advantageous for our public stockholders or with which a substantial number of our public stockholders disagree, such as a business combination stockholders opposed to which are not entitled to conversion rights or a business combination with a target business having a fair market value of less than 80% of our net assets held in trust (net of taxes and other than the portion representing our underwriters deferred discount) at the time of acquisition.

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You will not have any rights or interest in funds from the trust account, except under certain limited circumstances.

Our public stockholders will be entitled to receive funds from the trust account only in the event of our liquidation or if they elect to convert their respective shares of common stock into cash upon a business combination which the stockholder voted against and which is completed by us. In no other circumstances will a stockholder have any right or interest of any kind in the trust account.

The current economic conditions could have a negative effect on our ability to complete a business combination.

The current market conditions have materially and adversely affected the debt and equity capital markets in the United States, which could have a negative impact on our ability to complete a business combination. The U.S. capital markets have been experiencing extreme volatility and disruption for more than 12 months as evidenced by a lack of liquidity in the debt capital markets, significant write-offs in the financial services sector, the repricing of credit risk in the broadly syndicated credit market and the failure of major financial institutions. These events have contributed to worsening general economic conditions that are materially and adversely impacting the broader financial and credit markets and reducing the availability of credit and equity capital for the markets as a whole. We believe that the U.S. economy has entered into a period of severe recession, and forecasts for 2009 generally call for a weakening economy in the United States, with the continuation of the economic recession and possibly an economic depression. As a result, we believe these conditions may continue for a prolonged period of time or worsen in the future. A prolonged period of market illiquidity could have an adverse effect on our ability to complete a business combination. Unfavorable economic conditions also could result in a decision by lenders not to extend credit to us. The current and continuing adverse economic conditions could cause our stock price to decline which could require the issuance of additional shares to effect a business combination, if we were to use stock as part of the consideration. In addition, economic conditions could hinder our ability to obtain the 70.1% positive vote of shareholders to approve a potential business combination since investors might prefer to have their investment returned to them.

If we are forced to liquidate before the completion of a business combination and distribute the trust account, our public stockholders may receive significantly less than $10.00 per share and our warrants will expire worthless.

We must complete a business combination with a fair market value of at least 80% of our net assets held in trust (net of taxes and other than the portion representing our underwriters deferred discount) at the time of such acquisition by January 17, 2010. If we are unable to complete a business combination within the prescribed time frame and are forced to liquidate the trust account, the per-share liquidation price received by our public stockholders from the trust account will be less than $10.00 because of the expenses of our initial public offering, our general and administrative expenses and the anticipated costs of seeking a business combination. Upon the liquidation of the trust account, public stockholders will be entitled to receive (unless there are claims not otherwise satisfied by the amount not held in the trust account or the indemnification provided by our executive officers and directors) $10.00 per share plus interest earned on their pro rata portion of the trust account (net of taxes payable and amounts disbursed for working capital purposes), which includes $9,296,154 (approximately $0.43 per unit) of deferred underwriting discounts and commissions and $6,000,000 ($0.30 per unit) of the purchase price of the founder warrants. Medallion has agreed to indemnify us for claims by any vendors, service providers, providers of financing or other entities that are owed money by us for services or financing provided or contracted for, or products sold to us or the claims of any target businesses to the extent we do not obtain valid and enforceable waivers from vendors, service providers, providers of financing, prospective target businesses or other entities, in order to protect the amounts held in the trust account. There will be no contractual limits on our ability to borrow money, including from Medallion or our other stockholders. In the event that we liquidate and it is subsequently determined that the reserve for claims and liabilities is insufficient, stockholders who received a return of funds from the liquidation of our trust account could be liable for claims made by our creditors. We assume that in the event we liquidate we will not have to adopt a plan to provide for payment of claims that may potentially be brought against us. Should this assumption prove to be incorrect, we may have to adopt such a plan upon our liquidation, which could result in the per-share liquidation amount to our stockholders being significantly less than $10.00 per share. Furthermore, there will be no distribution with respect to our outstanding warrants which will expire worthless if we liquidate the trust account in the event we do not complete a business combination within the prescribed time period.

If we are unable to consummate a business combination, our public stockholders will be forced to wait until January 17, 2010 before receiving liquidation distributions.

We have until January 17, 2010 in which to complete a business combination. We have no obligation to return funds to investors prior to such date unless we consummate a business combination prior thereto and only then in cases where investors have sought conversion of their shares. Only after the expiration of this full time period will public stockholders be entitled to liquidation distributions if we are unable to complete a business combination. Accordingly, investors funds may be unavailable to them until such date.

We may choose to redeem our outstanding warrants at a time that is disadvantageous to our warrant holders.

Subject to there being a current prospectus under the Securities Act of 1933 with respect to the common stock issuable upon exercise of the warrants, we may redeem the warrants issued as a part of our units, including any warrants held by the underwriter, at any time after the warrants become exercisable in whole and not in part, at a price of $0.01 per warrant, upon a minimum of 30 days prior written notice of redemption, if and only if, the last sales price of our common stock equals or exceeds $14.25 per share for any 20 trading days within a 30 trading day period ending three business days before we send the notice of redemption. In addition, we may not redeem the warrants unless the warrants comprising the units sold in our initial public offering and the shares of common stock underlying those warrants are covered by an effective registration statement from the beginning of the measurement period through the date fixed for the redemption. Redemption of the

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warrants could force the warrant holders (i) to exercise the warrants and pay the exercise price at a time when it may be disadvantageous for the holders to do so, (ii) to sell the warrants at the then current market price when they might otherwise wish to hold the warrants, or (iii) to accept the nominal redemption price which, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants. We expect most purchasers of our warrants will hold their securities through one or more intermediaries and consequently you are unlikely to receive notice directly from us that the warrants are being redeemed. If you fail to receive notice of redemption from a third party and your warrants are redeemed for nominal value, you will not have recourse to the Company.

Our management s ability to require holders of our warrants to exercise such warrants on a cashless basis will cause holders to receive fewer shares of common stock upon their exercise of the warrants than they would have received had they been able to pay the exercise price of their warrants in cash.

If we call our warrants for redemption after the redemption herein have been satisfied, our management will have the option to require any holder that wishes to exercise his warrant to do so on a cashless basis. In such event, each holder would pay the exercise price by surrendering the warrants for that number of shares of common stock equal to the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the fair market value and (y) the fair market value. The fair market value shall mean the average reported last sales price of our common stock for the 10 trading days ending on the third trading day prior to the date on which notice of redemption is sent to the holders of the warrants. If our management chooses to require holders to exercise their warrants on a cashless basis, the number of shares of common stock received by a holder upon exercise will be fewer than it would have been had such holder exercised his warrant for cash. This will have the effect of reducing the potential upside of the holder s investment in our company.

Although we are required to use our best efforts to have an effective registration statement covering the issuance of the shares of common stock underlying the warrants at the time that our warrant holders exercise their warrants, we cannot guarantee that a registration statement will be effective, in which case our warrant holders may not be able to exercise their warrants and therefore the warrants could expire worthless.

Holders of our warrants will be able to exercise the warrants only if (i) a current registration statement under the Securities Act of 1933 relating to the shares of our common stock underlying the warrants is then effective and (ii) such shares of common stock are qualified for sale or exempt from qualification under the applicable securities laws of the states in which the various holders of warrants reside. Although we have undertaken in the Warrant Agreement, and therefore have a contractual obligation, to use our best efforts to maintain a current registration statement covering the shares of common stock underlying the warrants following completion of our initial public offering to the extent required by federal securities laws, and we intend to comply with our undertaking, we cannot assure that we will be able to do so and therefore the warrants could expire worthless. Such expiration would result in each holder paying the full unit purchase price solely for the shares of common stock underlying the unit. In addition, we have agreed to use our reasonable efforts to register the shares of common stock underlying the warrants under the blue sky laws of the states of residence of the existing warrant holders, to the extent an exemption is not available. The value of the warrants may be greatly reduced if a registration statement covering the shares of common stock issuable upon the exercise of the warrants is not kept current or if the securities are not qualified, or exempt from qualification, in the states in which the holders of warrants reside. In no event will the registered holder of a warrant be entitled to receive a net-cash settlement or other consideration in lieu of physical settlement in shares of our common stock if the common stock underlying the warrants is not covered by an effective registration statement. Holders of warrants who reside in jurisdictions in which the shares of common stock underlying the warrants are not qualified and in which there is no exemption will be unable to exercise their warrants and would either have to sell their warrants in the open market or allow them to expire unexercised. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to qualify the underlying securities for sale under all applicable state securities laws.

Although historically blank check companies have used a 20% threshold for conversion rights, we allow up to approximately 29.99% of our public stockholders to exercise their conversion rights. This higher threshold will make it easier for us to consummate a business combination with which you may not agree, and you may not receive the full amount of your original investment upon exercise of your conversion rights.

We will consummate the initial business combination only if the following conditions are met: (i) a majority of the outstanding shares of common stock sold in our initial public offering voted by the public stockholders are voted in favor of the business combination, (ii) public stockholders owning 30% or more of the shares of common stock sold in our initial public offering do not vote against the business combination and exercise their conversion rights and (iii) a majority of the shares of common stock then outstanding vote to approve an amendment to our amended and restated certificate of incorporation to provide for our perpetual existence. Our founding stockholders will not have such conversion rights with respect to any shares of common stock owned by them. Historically, blank check companies have had a conversion threshold of 20%, which makes it more difficult for such companies to consummate their initial business combination. Thus, because we permit a larger number of stockholders to exercise their conversion rights, it will be easier for us to consummate an initial business combination with a target business which you may believe is not suitable for us, and you may not receive the full amount of your original investment upon exercise of your conversion rights.

The ability of a larger number of our stockholders to exercise their conversion rights may not allow us to consummate the most desirable business combination or optimize our capital structure.

When we seek stockholder approval of a business combination, we will offer each public stockholder (but not our founding stockholders with respect to any shares each of them owned prior to the consummation of our initial public offering) the right to have his, her or its shares of common stock converted to cash if the stockholder votes against the business combination and the business combination is approved and consummated. Such holder must both vote against such business combination and then exercise his, her or its conversion rights to receive a pro rata share of the trust account. We allow up to approximately 29.99% of our public stockholders to exercise their conversion rights, which is greater than the 19.99% limit on the percentage of public stockholders who historically have been allowed to exercise their conversion rights in similarly structured companies. Accordingly, if our business combination requires us to use substantially all of our cash to pay the purchase price, because we will not know how many stockholders may exercise such conversion rights, we may either need to reserve part of the trust account for possible payment upon such conversion, or we may need to arrange third party financing to help fund our business combination in case a larger percentage of stockholders exercise their conversion rights than we expect. In the event that the acquisition involves the issuance of our stock as consideration, we may be required to issue a higher percentage of our stock to make up for a shortfall in funds. Raising additional funds to cover any shortfall may involve dilutive equity financing or incurring indebtedness at higher than desirable levels. Our need to reserve a larger amount of funds, issue more of our stock or obtain greater outside financing than many other similarly structured companies that allow a smaller percentage of public stockholders to exercise their conversion rights may present a competitive disadvantage for us compared with such other similarly structured companies and limit our ability to effectuate the most attractive business combination available to us.

We have insufficient resources to cover our operating expenses and the expenses of consummating a business combination without obtaining additional financing from our initial stockholders, sponsor, officers, directors or other available sources.

We reserved approximately $175,000 from the proceeds of our initial public offering and the private placement of warrants with our sponsor, and receive one half of the interest earned on the trust account, net of taxes, up to a total of $2.25 million to cover our operating expenses until January 17, 2010, and to cover the expenses incurred in connection with a business combination. At June 30, 2009, our liabilities exceeded our cash on hand by $114,406, and in addition, we owed Medallion $53,862. Currently we do not have any cash available to us outside of the trust account. We do not have sufficient available funds (outside of the trust account) to operate through January 17, 2010, or to pursue potential target acquisitions. We could require funds to pay due diligence costs in connection with a potential business combination or to pay fees to consultants to assist us with our search for a target acquisition. We could also require funds to be used as a down payment, reverse break-up fee (a provision in a merger agreement designed to compensate the target for any breach by the buyer which results in a failure to close the transaction), or to fund a no-shop provision (a provision in letters of intent designed to keep target acquisitions from shopping around for transactions with others on terms more favorable to such target acquisitions) with respect to a particular proposed business combination, although we do not have any current intention to do so. We will be forced to obtain additional financing, either from our initial stockholders, our sponsor, our directors and officers or from third parties to continue operations. We are contractually limited in our ability to issue equity securities prior to the consummation of a business combination. Although we are not contractually limited from borrowing money, we may be unable to borrow money on terms which are favorable to us, if at all, and our initial stockholders, our sponsor, our directors and officers are not obligated to provide any additional financing to us. If we are unable to obtain additional financing, we may be unable to complete a business combination and may be forced to liquidate the trust account.

Stockholders may be held liable for claims by third parties against us to the extent of distributions received by them.

Our amended and restated certificate of incorporation provides that we will continue in existence only until January 17, 2010. If we have not completed a business combination by such date and amended this provision in connection therewith, pursuant to the Delaware General Corporation Law, our corporate existence will cease except for the purposes of winding up our affairs and liquidating. Under Sections 280 through 282 of the Delaware General Corporation Law, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. If the corporation complies with certain procedures set forth in Section 280 of the Delaware General Corporation Law intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder s pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. However, it is our intention to make liquidating distributions to our stockholders as soon as reasonably possible after our corporate existence terminates and, therefore, we do not intend to comply with those procedures. Because we will not be complying with those procedures, we are required, pursuant to Section 281 of the Delaware General Corporation Law, to adopt a plan that will provide for our payment, based on facts known to us at such time, of (i) all existing claims, (ii) all pending claims and (iii) all claims that may be potentially brought against us within the subsequent 10 years. Accordingly, we would be required to provide for any creditors known to us at that time or those that we believe could be potentially brought against us within the subsequent 10 years prior to distributing the funds held in the trust to stockholders. We cannot assure you that we will properly assess all claims that may be potentially brought against us. As such, our stockholders could potentially be liable for any claims to the extent of distributions received by them and any liability of our stockholders may extend well beyond the third anniversary of such date. Accordingly, we cannot assure you that third parties will not seek to recover from our stockholders amounts owed to them by us. In the event of our liquidation, we may have to adopt a plan to provide for the payment of claims that may potentially be brought against us, which could result in the per-share liquidation amount to our stockholders being significantly less than $10.00.

Our placing of funds in trust may not protect those funds from third party claims against us.

Third party claims may include contingent or conditional claims and claims of directors and officers entitled to indemnification under our amended and restated certificate of incorporation. We intend to pay any claims, to the extent sufficient to do so, from our funds not held in trust. Although we will seek to have all vendors, service providers and prospective target businesses or other entities with which we execute agreements waive any right, title, interest or claim of any kind in or to any monies held in the trust account for the benefit of our public stockholders, there is no guarantee that they will execute such agreements. Even if they execute such agreements, they could bring claims against the trust account including but not limited to fraudulent inducement, breach of fiduciary responsibility or other similar claims, as well as claims challenging the enforceability of the waiver, in each case in order to gain an advantage with a claim against our assets, including the funds held in the trust account. If any third party refused to execute an agreement waiving such claims to the monies held in the trust account, we would perform an analysis of the alternatives available to us if we chose not to engage such third party and evaluate if such engagement would be in the best interest of our stockholders if such third party refused to waive such claims.

Examples of possible instances where we may engage a third party that refused to execute a waiver include the engagement of a third party consultant whose particular expertise or skills are believed by management to be significantly superior to those of other consultants that would agree to execute a waiver or in cases where management is unable to find a provider of required services willing to provide the waiver. In any event, our management would perform an analysis of the alternatives available to it and would only enter into an agreement with a third party that did not execute a waiver if management believed that such third party s engagement would be significantly more beneficial to us than any alternative. In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and not seek recourse against the trust account for any reason. Accordingly, the proceeds held in trust could be subject to claims that could take priority over the claims of our public stockholders and the per-share liquidation price could be less than the $10.00 per share held in the trust account, plus interest (net of any taxes due on such interest, which taxes, if any, shall be paid from the trust account), due to claims of such creditors. If we are unable to complete a business combination and liquidate the company, Medallion will be liable if we did not obtain a valid and enforceable waiver from any vendor, service provider, provider of financing, prospective target business or other entity of any rights or claims to the trust account, to the extent necessary to ensure that such claims do not reduce the amount in the trust account. We cannot assure you that Medallion will be able to satisfy those obligations. The indemnification provisions are set forth in a letter executed by Medallion. The letter specifically sets forth that in the event we obtain a valid and enforceable waiver of any right, title, interest or claim of any kind in or to any monies held in the trust account for the benefit of our stockholders from a vendor, service provider, provider of financing, prospective target business or other entity, the indemnification from Medallion will not be available.

Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, the funds held in our trust account will be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy claims deplete the trust account we cannot assure you we will be able to return to our public stockholders the liquidation amounts due them.

In certain circumstances, our board of directors may be viewed as having breached their fiduciary duties to our creditors, thereby exposing itself and our company to claims of punitive damages.

If we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, any distributions received by stockholders could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a preferential transfer or a fraudulent conveyance. As a result, a bankruptcy court could seek to recover all amounts received by our stockholders. Furthermore, because we intend to distribute the proceeds held in the trust account to our public stockholders promptly after the termination of our existence by operation of law, this may be viewed or interpreted as giving preference to our public stockholders over any potential creditors with respect to access to or distributions from our assets. Furthermore, our board of directors may be viewed as having breached its fiduciary duty to our creditors and/or may have acted in bad faith, thereby exposing itself and our company to claims of punitive damages, by paying public stockholders from the trust account prior to addressing the claims of creditors. We cannot assure you that claims will not be brought against us for these reasons.

Our current officers and directors may resign upon consummation of a business combination.

Upon consummation of a business combination, the role of our founding officers and directors in the target business cannot presently be fully ascertained. While it is possible that one or more of our founding officers and directors will remain in senior management or as directors following a business combination, we may employ other personnel following the business combination. If we acquire a target business in an all cash transaction, it would be more likely that our founding officers and our directors would remain with us if they chose to do so. If a business combination were structured as a merger whereby the stockholders of the target company were to control the combined company, following a business combination, it may be less likely that our founding officers or directors would remain with the combined company unless it was negotiated as part of the transaction through the acquisition agreement, an employment agreement or other arrangement.

Negotiated retention of officers, directors and advisors after a business combination may create a conflict of interest.

If, as a condition to a potential business combination, our founding officers, directors and advisors negotiate to be retained after the consummation of the business combination, such negotiations may result in a conflict of interest. Such negotiations would take place simultaneously with the negotiation of the business combination and could provide for such individuals to receive compensation in the form of cash payments and/or our securities for services they would render to us after the consummation of the business combination. While the personal and financial interests of such individuals may influence their motivation in identifying and selecting a target acquisition, the ability of such individuals to remain with us after the consummation of a business combination will not be the determining factor in our decision as to whether or not we will proceed with any potential business combination. In making the determination as to whether current management should remain with us following the business combination, we will analyze the experience and skill set of the target business management and negotiate as part of the business combination that our founding officers, directors and advisors remain if it is believed that it is in the best interests of the combined company after the consummation of the business combination. Although we intend to closely scrutinize any additional individuals we engage after a business combination, we cannot assure you that our assessment of these individuals will prove to be correct.

There may be tax consequences associated with our acquisition, holding and disposition of target companies and assets.

We may incur significant taxes in connection with effecting acquisitions; holding, receiving payments from, and operating target companies and assets; and disposing of target companies and assets.

Because any target business with which we attempt to complete a business combination may be required to provide our stockholders with financial statements prepared in accordance with and reconciled to United States generally accepted accounting principles or in accordance with International Financial Reporting Standards the pool of prospective target businesses may be limited.

In accordance with the requirements of United States federal securities laws, in order to seek stockholder approval of a business combination, a proposed target business may be required to have certain financial statements which are prepared in accordance with, or may have to be reconciled to, U.S. generally accepted accounting principles (U.S. GAAP) or in accordance with International Financial Reporting Standards and audited in accordance with the standards of the Public Company Accounting Oversight Board (United States). Although we would attempt to provide such audited or unaudited historical financial statements if required by applicable law or regulations, such historical financial statements are often not required, and, therefore, stockholders voting on a proposed transaction would not have the benefit of financial statements of past operations. However, to the extent that a proposed target business does not have, or cannot prepare, financial statements which have been prepared with, or which can be reconciled to, U.S. GAAP or in accordance with International Financial Reporting Standards, such as if we acquire certain assets, and audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) and such audited or unaudited financial statements are required by applicable law or regulations, we will not be able to acquire that proposed target business. These financial statement requirements may limit the pool of potential target businesses.

Because of our limited resources and the significant competition for business combination opportunities, including numerous companies with a business plan similar to ours, it may be more difficult for us to complete a business combination.

Based on publicly available information as of March 9, 2009, approximately 143 similarly structured blank check companies have completed initial public offerings since the beginning of 2004, and numerous others have filed registration statements. Of these 143 similarly structured blank check companies, only 63 have consummated a business combination, while 18 others have announced that they have entered into definitive agreements or letters of intent with respect to potential business combinations, but have not yet consummated such business combinations and another 36 will be or have liquidated.

Accordingly, there are approximately 44 blank check companies with approximately $10.1 billion in trust and potentially an additional 71 blank check companies seeking to raise $12.9 billion that have filed registration statements and are seeking, or will be seeking, to complete business combinations. While some of these companies have specific industries in which they must identify a potential target business, a number of these companies may consummate a business combination in any industry and/or geographic location they choose. As a result, we may be subject to competition from these and other companies seeking to consummate a business combination within any of our target sectors, which, in turn, will result in an increased demand for privately-held companies in these industries. Because of this competition, we cannot assure you that we will be able to effectuate a business combination within the required time period. Further, the fact that only 81 of such companies have either consummated a business combination or entered into a definitive agreement for a business combination may indicate that there are fewer attractive target businesses available to such entities or that many privately-held target businesses are not inclined to enter into these types of transactions with publicly-held blank check companies like ours.

We expect to encounter intense competition from other entities having a business objective similar to ours, including private investors (which may be individuals or investment partnerships), other blank check companies, and other entities, domestic and international, competing for the type of businesses that we may intend to acquire. Many of these individuals and entities are well established, have capital available to them and have extensive experience in identifying and effecting, directly or indirectly, acquisitions of sports-related properties, assets and entities. Many of these competitors possess greater technical, human and other resources, or more local industry knowledge, than we do and our financial resources will be relatively limited when contrasted with those of many of these competitors. While we believe that there are numerous target acquisitions that we could potentially acquire with the net proceeds of our initial public offering, our ability to compete with respect to the acquisition of certain target acquisitions that are sizable will be limited by our available financial resources. This inherent competitive limitation gives others an advantage in pursuing the acquisition of certain target acquisitions. Furthermore, the obligation we have to seek stockholder approval of a business combination may delay the consummation of a transaction. Additionally, our outstanding warrants and the future dilution they potentially represent may not be viewed favorably by certain target acquisitions. Also, our obligation to convert into cash the shares of common stock in certain instances may reduce the resources available for a business combination. Any of these obligations may place us at a competitive disadvantage in successfully negotiating a business combination.

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We cannot assure you we will be able to successfully compete for an attractive business combination. Additionally, because of this competition, we cannot assure you we will be able to effectuate a business combination within the prescribed time period. If we are unable to consummate a business combination within the prescribed time period, we will be forced to liquidate.

You are not entitled to protections normally afforded to investors of blank check companies.

Since the net proceeds of our initial public offering are intended to be used to complete a business combination with an unidentified target acquisition, we may be deemed to be a blank check company under the United States securities laws. However, since we have net tangible assets in excess of $5,000,000 and have filed a Current Report on Form 8-K with the SEC including an audited balance sheet demonstrating this fact, we are exempt from rules promulgated by the SEC to protect investors of blank check companies such as Rule 419. Accordingly, stockholders are not afforded the benefits or protections of those rules, such as entitlement to all the interest earned on the funds deposited in the trust account. Because we are not subject to these rules, including Rule 419, our units are immediately tradable and we have a longer period of time to complete a business combination in certain circumstances than we would if we were subject to such rule.

Since we have not yet selected any target acquisition with which to complete a business combination, we are unable to currently ascertain the merits or risks of the business operations and investors will be relying on management s ability to source business transactions.

Because we have not yet identified a prospective target acquisition, investors currently have no basis to evaluate the possible merits or risks of the target acquisition. Although our management will evaluate the risks inherent in a particular target acquisition, we cannot assure you that they will properly ascertain or assess all of the significant risk factors. We also cannot assure you that an investment in our units will ultimately prove to be more favorable to investors than a direct investment, if such opportunity were available, in a target acquisition. Except for the limitation that a target acquisition have a fair market value of at least 80% of our net assets held in the time of the acquisition, we will have virtually unrestricted flexibility in identifying and selecting a prospective acquisition candidate. Investors will be relying on management s ability to source business transactions, evaluate their merits, conduct or monitor diligence and conduct negotiations.

If we were to structure our business combination as an asset acquisition, it is possible that proxy materials provided to our stockholders would not include historical financial statements and, accordingly, investors will not have historical financial statements on which to rely in making their decision whether to vote for the acquisition.

Although we would provide such audited or unaudited historical financial statements if required by applicable law or regulations, such historical financial statements are often not required, and, therefore, stockholders voting on a proposed transaction would not have the benefit of financial statements of past operations. We are unable to predict the facts and circumstances surrounding any possible future asset acquisition and, accordingly, cannot provide assurances with respect to the provision of audited historical financial information. If, however, we determined that such audited historical financial information was not required, instead of audited or unaudited historical financial statements, the proxy statement we would send to our stockholders would contain the same information that would typically be provided in the business section of the prospectus for an initial public offering of a start-up company without historical financial statements, such as: (i) historical and prevailing market rates for assets on the basis of type, age and proposed employment; (ii) our expectations of future market trends and proposed strategy for employment of the assets; (iii) our anticipated operational (overhead) expenses; and (iv) the valuation of the assets generally, all of which, in turn, depend on the sector of the sports, leisure or entertainment industry in which we consummate such a business combination. Thus, stockholders would not necessarily be able to rely on historical financial statements when deciding whether to approve a business combination involving the acquisition of assets.

We may issue additional shares of our capital stock to complete a business combination, which would reduce the equity interest of our stockholders and likely cause a change in control of our ownership.

Our amended and restated certificate of incorporation authorizes the issuance of up to 100,000,000 shares of common stock, par value $0.001 per share, and 1,000,000 shares of preferred stock, par value $0.001 per share. There are 45,498,329 authorized but unissued shares of our common stock available for issuance (after appropriate reservation for the issuance of shares of common stock upon full exercise of our outstanding warrants) and all of the 1,000,000 shares of preferred stock available for issuance. Although we have no existing commitment to do so, we are likely to issue a substantial number of additional shares of our common or preferred stock, or a combination of common and preferred stock, to complete a business combination. The issuance of additional shares of our common stock or any number of shares of our preferred stock:

may significantly reduce the equity interest of our stockholders;